

## Business

### odesia Murray sh: 17 underlines icans TUC call led for jobs

Greenhill prepared to  
today to Mr. James  
Foreign Secretary  
Rhodesia visit. It was  
from Salisbury that 17  
whites and four white  
soldiers had died in  
clash.

agreement brought the  
the 48, according to  
sources.  
the release of  
Railway officials,  
arrested last Friday.  
The railway linking  
with Maseru (Laurens)  
remained closed.

ard men  
urt to-day

oland Yard retired or  
officers, who spent into  
to-day no bribery con-  
charges may be followed  
uses still under investi-  
the Yard's A 10 anti-  
squad.

Ulster  
ice feared

week-end of concerted  
protests which kept  
forces heavily occupied  
nearly 150 bomb bom-  
dealt with 50 cars  
Mr. Merlyn Rees,  
Ireland Secretary,  
Belfast to-day to face  
of mass violence  
ending of special  
status for Catholics  
and the refusal of  
to Sinn Féin to accept  
for power sharing.

onhill to  
t to-day

onhill, who returned to  
from Rhodesia over the  
is to report to Mr.  
Haig, Foreign Secre-  
tary, on his two  
visits to Salisbury. Mean-  
while, African guerrillas and  
Rhodesian soldiers  
in the latest clash,  
the total of casualties  
the past week to 45.

investigates  
a dispute

informed Morocco that  
support the Algerian  
Polisario's Democratic  
of Arab Sahara in the  
Sahara, a senior U.S.  
armament official arrived  
for talks with Presi-  
dent Carter as part of  
ing tour of capitals  
in the dispute.  
William Sumner, U.S.  
Secretary, who is visit-  
Middle East, is due in  
today in Beirut.

Army units and the  
Liberation Army were  
responsibility for main-  
law and order with the  
of upholding the Span-  
truce, Middle East  
Page 5

ds alert  
talian yacht

in ships are to be asked  
y to look out for  
R 11, Italian entry in the  
per Baro which has been  
contact since leaving the  
d islands 25 days ago.  
noster's radio has been a  
source of trouble.  
11, the French entry,  
started from Sydney 27  
fter the other yachts, is  
les south of the equator  
n days inside the time  
in this position by Great  
11.

th Sea oil  
s shock

regional rates, however  
send rates bill to Shell  
and Hamilton Brothers in  
of their Aul and  
oil fields off Scotland,  
red by the convenor of  
ational Council as "con-  
vencious". The assessor  
final assessment "could  
astronomical, possibly  
into millions of  
Page 4

corde offer

do should be allowed to  
to Niagara Falls airport,  
a major proposed re-ter-  
suspecting that the boom  
ism would outweigh noise  
the mayor said: "I hate  
s rejects from elsewhere  
is could open up our air-  
a major landing place."

fly ...

cc Anne left the King  
d VII Hospital for Out-  
and yesterday after a  
in operation.  
marks a "brand new way"  
the second largest U.S. com-  
not bank—its almost univer-  
sally known, is devoted as the bank's  
Royal chief of naval staff, official name from to-day.

## Union leaders give Tory olive branch a cool reception

BY RICHARD EVANS and ROY ROGERS

The Conservative Party's new policy of seeking reconciliation with the trade unions was received yesterday with scepticism or hostility by most senior union leaders.

At the same time the Right-wing Seidson group of Tory supporters came out against the new campaign for conciliation rather than confrontation with the union movement. They described the policy as a "sell-out to trade union power".

The new Conservative proposal, which is likely to form a key element in the party's political strategy, were outlined by Mrs. Margaret Thatcher, Opposition leader, at the Conservative Trade Unions' annual conference in Manchester at the weekend.

They include a promise of full employment together with a pledge that a Conservative Government would fully consult union leaders on industrial policy.

But many union leaders made it clear last night that they see the new Tory strategy more as a device for winning the elections than the unions.

Among the more outspoken commentators came from Mr. Alan Fisher, general secretary of the National Union of Public Employees, who described the campaign, unveiled by Mrs. Thatcher, as "political manoeuvring".

Mr. Jack Jones, the transport union general secretary and the force behind the present concordat between the TUC and the Labour Government, welcomed anything that meant greater acceptance of the union movement. But he pointed out the Tories' anti-union stance in the past and declared: "We shall be looking for deeds, not words."

## U.K. car sales upturn continues in February

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

EVIDENCE that the unexpected improvement in new car sales registered in January has carried through into February is giving rise to increasing optimism in the industry about prospects this year. Some executives believe that the turning point at the 1974/75 slump has now been passed.

In January, registrations were marginally above last year's. In spite of the long Christmas holiday period with disrupted output and limited sales opportunities, in February, however, registrations are thought to have shown a significant increase on last year.

During the first 30 days of the month, 87,000 cars were sold against 84,000 in the same period last year, and there is a possibility that the 120,000 figure will be reached for the month as a whole. This would represent an increase of about 10 per cent. on both 1974 and 1975.

## Trawlers sell catches at loss

BY QUENTIN GUARDIAN

BRITISH trawlermen fishing in the cod war off Iceland are selling their catches at a loss. Some of the fish are being used in pet foods.

In Hull, where the new fish dock and market was opened on Friday by Mr. Fred Peart, Minister of Agriculture, Fisheries and Food, the price of fresh cod ended the week at £18.50-£19 per cwt (this is the 140 lb measure in which the fish is sold, of which about 70 lb. is the case of cod, is useless after filleting).

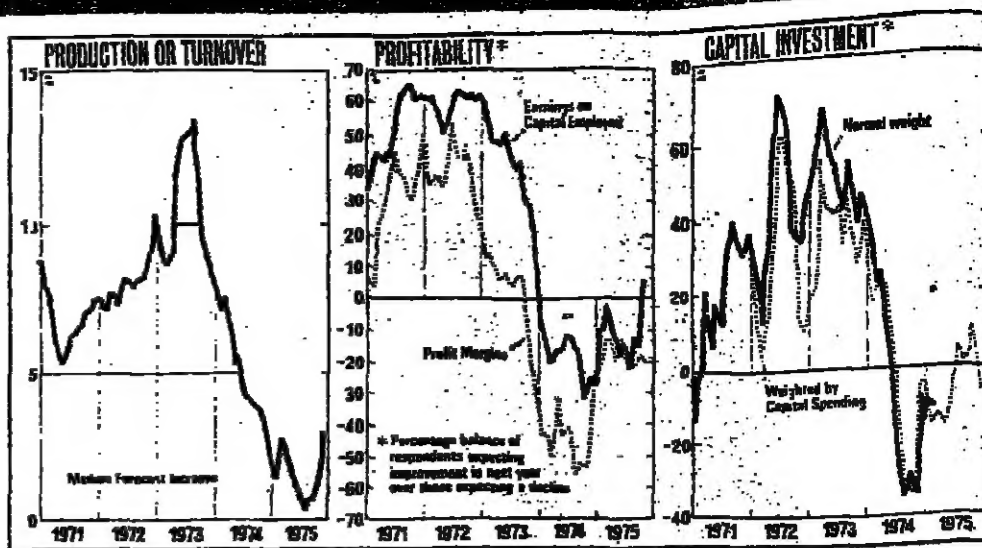
At one stage last week, the price for some cod dropped to £15 per cwt. The British Trawlers' Federation, which says that trawler owners showed a 50% loss last year—despite Government subsidy, claims that the break-even point for cod fishing is £20-£21 per cwt.

Trawlers selling their catches last week lost £50,000, the BTFF said.

Blame for low prices is laid partly on reduced demand when the price of cod reached around 90p in the shops before Christmas, shoppers stopped buying and have not returned despite large price reductions. Fish- and chip shops have also taken less cod, partly because the trade is depressed by high potato prices.

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		World Econ. Ind.	26

## FT Monthly Survey of Business Opinion



## Sign of recovery gives confidence a boost

AN IMPROVED trend of orders has given another flip to business confidence by suggesting that recovery may at last be slowly setting in.

The gain in optimism is tinged with considerable caution, however. All three industrial sectors covered by the Financial Times monthly business survey last month—chemicals and oils, mechanical engineering, and shipping and transport—reported a better trend of orders over the past four months.

But the improvement is modest and is largely due either to improved overseas prospects or to the end of de-stocking at home. Only in the chemicals and oils sector has the change of trend yet worked through to go on declining slowly. The median forecast increase is now hovering around 13-14 per cent.

EARNINGS ON CAPITAL		4 monthly moving total				February 1976	
Those expecting earnings during current year to:		Nov. 75	Oct. 75	Sept. 75	Aug. 75	Eng'g. (non-elect.)	Shipping & Transport
Improve	37	25	27	25	25	33	32
Remain the same	14	19	24	19	35	37	31
Contract	31	40	39	47	12	4	30
No comment	18	16	19	9	—	—	—

## DC-10: hope of early settlement

FINANCIAL TIMES REPORTER

LLOYD'S of London offered the to the Kween family, was almost certain.

This would not only concern relatives of victims of the Turkish Airlines DC-10 disaster, but also determining the law applicable in such cases and underwriters of the aircraft said which basis for an assessment of damages should be used.

Not all the plaintiff lawyers with different nationalities involved in the case were asking for compensation based on the initial £750,000 jury award. An appeal by McDonnell Douglas, General Dynamics and Turkish Airlines would probably not be heard until the autumn. In spite of this likely delay, a Lloyd's spokesman in yesterday that he hoped that now some yardstick of damages was available, those claimants who had been "hanging on" would now be ready to settle.

It is thought that about half the passenger and hull insurance on the aircraft is carried through Lloyd's underwriters.

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# Wanted—a sense of perspective

BY C. GORDON TETHER

If Mr. Ron Hayward, the Labour Party's general secretary, recently informed us, there are "deep reservations" in the movement about the Government's general economic policies, it is not before it was time. And those reservations should not be confined to those who are politically or ideologically opposed to the Labour Government. For the present, the Labour Government is open to serious challenge both because it seems more likely to defeat than to promote its purposes and because all our past experiences suggest that the fulfilment of those purposes is not going to set us anywhere. And this is a matter that the entire country has every reason for being acutely concerned about.

The dissenting voices responsible for the Government's economic policy performance appeared to be arguing that Labour's leadership had been induced or pressured to play the capitalist game. The Government had, it said, "torn off its social democratic mask" and put in its place the defence of capitalism at the expense of the workers. And Miss Joan Lester, the junior Minister who recently resigned by way of protest against the plan for cuts in social service expenditure, seemed to be talking on much the same lines when she explained her decision in a subsequent TV interview.

## Obsessed

Yet it is conceivable that this continued refusal to consider modifying or altering the present approach to such potentially explosive problems as the growth of unemployment is attributable to something else. To nothing more sinister, indeed, than the fact that the Government has become so obsessed with curbing inflation, after the shocks of last year, that it is losing its sense of perspective.

The single-minded character of its thinking has now assumed its full dimensions. It is a single-mindedness that has been expressed, from a speech recently delivered by Mr. Jenkins, Home Secretary and a former Chancellor, in praise of the Healey doctrine. "There must be no false dawn on Britain," he said, "no recovery," said Mr. Jenkins. "If we abandoned our efforts to control inflation and pay our way abroad, there would not be the slightest prospect of new soundly based jobs being created. Changing course now really would be a short cut to disaster."

What this statement clearly implies is that any move by the Government to set the wheels of industry turning faster would automatically both stoke up the fires of inflation and produce a deterioration in the balance of payments.

# A blow aimed at the conveyancing monopoly

BY JUSTINIAN

THE battle over the solicitors' conveyancing monopoly rumbles on, in spite of the fact that it is likely to be an early topic to be tackled by the Royal Commission on Legal Services. There have been skirmishes both in and out of Parliament that indicate that the battle lines are being drawn up in preparation for the final encounter.

Mr. Ken Whetton, Labour MP for Ipswich, has sought to cool the temperature of the parliamentary waters by introducing a preliminary members' Bill to abolish the professional restrictive practice. If that gets anywhere along the road towards the statute book, there will at least be some indication of how the issue will ultimately be resolved. Meanwhile, another Labour politician has sounded a note of caution to the reformers. The Solicitor General, in his lecture to the Northern Trades and Labour Council last Friday, pointed out that two major factors are involved in the maintenance of the monopoly.

First, the public is entitled to be satisfied that exclusive power is not abused, that the work is competently performed and adequately supervised, that there is no over-charging, and that proper redress is available to the victims of sub-standard work.

## Monopoly

On the other hand, a monopoly situation does give the public protection against those whose qualifications are inadequate for the task. Buying a house is probably the most costly and the most risky venture undertaken by the ordinary citizen. If, after having committed the bulk of their income for years to come, house-buyers find that the house they were purchasing does not belong to the Government, they will be very angry. For example, it is not too much to say that they may face financial ruin. The Solicitor-General concluded, with the caution that befits both a politician and a lawyer, "It is not too much to suggest what are the proper safeguards against these two categories of risk."

Companies who are seeking ways round the Act of Parliament that maintains the solicitors' monopoly have a rather mixed record in the courts. In *Remolde v. Hovis*, a case decided last summer in the High Court, but only just reported in the Law Reports, a number of people in the area of Worcester and Hereford were seeking a declaration called the Property Transfer Association of which Mr. Francis Reynolds was chairman and honorary conveyancer. Persons wishing to buy or sell property through the services of

# Valuable passport to Europe

MANCHESTER CITY beat Newcastle United by 2 goals to 1 to win the League Cup and a valuable passport to Europe in a fairly entertaining final at Wembley, which contained too many forced and unforced errors to be rated a classic.

There was no doubt that, on the day, City were the better side. They were noticeably lighter at the back, used the width of the pitch more effectively and could well have increased their lead further in a second half they largely dominated.

United, who had been seriously hampered in their preparations by "flu and injuries, understandably lost much of their momentum through the final, but they never ran out of courage and this twice almost enabled them to snatch an equaliser in the closing stages.

Newcastle started brightly. Their two lead forwards, MacDonald and Gowling, received both service and support from a skilful midfield quartet, in which Craig was the chief motivator.

In these early exchanges, they could make moments of panic in the opposing defence.

But it was Manchester, much against the run of play, who took the lead, when their promising winger, Barnes, was on hand to do the necessary. After Doyle's head, co-ordinated, where-headed a well-placed free kick across the goalmouth.

This totally unexpected bonus allowed the frustrated Manchester side to settle down and provide flashes of their free-flowing style which is their most attractive feature. But they could not prevent a splendid equaliser coming from the boot of a Newcastle forward, following a fine move.

Tuesday was now beginning to make its presence felt on the right flank and might have scored twice, once with a somewhat passively headed from a set-piece, but they never ran out of courage and this twice almost enabled them to snatch an equaliser in the closing stages.

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## TV Radio

**BBC 1**

7.05 a.m. Open University. 9.25 For Schools. 10.45 News. 11.00 For Schools. 11.05 News. 11.15 Pebble Mill. 1.15 Rubovia. 2.01 For Schools. 3.59 Under Bow Bells. 4.59 Regional News (except London). 4.59 Play School. 4.59 Roobarb. 4.59 Jackanory. 4.59 Blue Peter. 5.30 John Craven's Newsround. 5.30 Jimbo Spencer. 5.40 Captain Pugwash.

5.45 News. 6.00 Nationwide. 6.55 Ask The Family. 7.20 2 Carz. 8.10 Panorama: Solzhenitsyn in Exile. 9.30 News. 9.35 The Monday Film: "Hello

## MONTHLY AVERAGES OF STOCK INDICES

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
Financial Times	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Industrial	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
All-Share	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

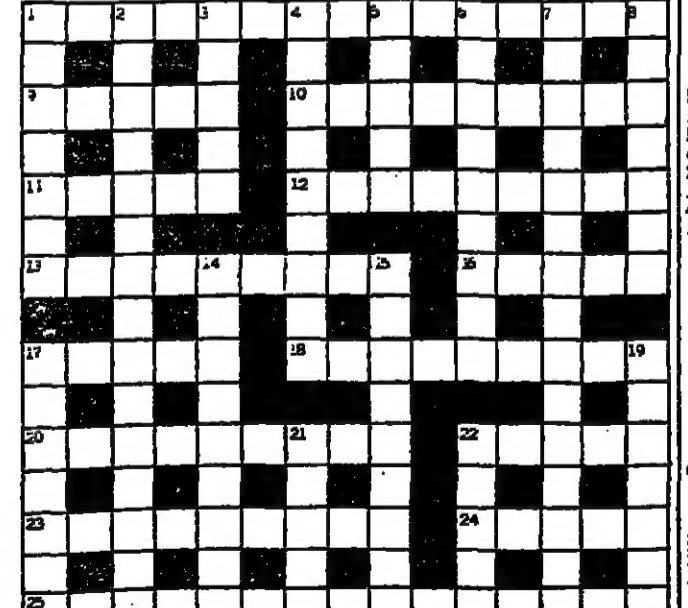
## SOCCER

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## F.T. CROSSWORD PUZZLE No. 3,018



- ACROSS**
- 1 Pictures dramatic performances (15)
  - 9 Gauge assembled before Her Majesty (5)
  - 10 Got in touch and established a connection with (8)
  - 11 Ordinary people lay it inside (5)
  - 12 Concise in the Spartan fashion (9)
  - 13 Inflexibility—a strict point (9)
  - 15 The French need outside help, being indisposed (5)
  - 17 Something prickly with ornamentation concealing it (5)
  - 18 Wayfarer who could be representative (9)
  - 20 Demoted or referred to others for action (8)
  - 22 Caught on (5)
  - 23 Deeply infested invertebrate (9)
  - 24 Cold caught going to bank (5)
  - 25 Identical—at the butcher's? (3, 4, 4)
- DOWN**
- 1 Walker or climber (7)
  - 2 Scouring away—when taking off? (7, 2, 6)
  - 3 Nearly losing pole before time (5)
  - 4 Be superior and fast—that's very good (8)
  - 5 A keynote—from the doctor? (5)
  - 6 School meals or the cost of travel (5, 4)
  - 7 Proof that seeing isn't believing (5, 4, 4, 4, 4)
  - 8 Encumbered but prepared for a ride (7)
  - 14 Blacken broken end on one gear (9)
  - 15 What plants do when there's no work—didn't sale need changing? (8, 4)
  - 17 Fish that may give one a shock, in two senses (7)
  - 19 Royally rally round for example (7)
  - 21 Island putting weight on state (5)
  - 22 Prickly things in civic actions (5)

## ATV MIDLANDS

12.30 a.m. The Day We Live. 1.30 a.m. The Day We Live. 2.30 a.m. The Day We Live. 3.30 a.m. The Day We Live. 4.30 a.m. The Day We Live. 5.30 a.m. The Day We Live. 6.30 a.m. The Day We Live. 7.30 a.m. The Day We Live. 8.30 a.m. The Day We Live. 9.30 a.m. The Day We Live. 10.30 a.m. The Day We Live. 11.30 a.m. The Day We Live. 12.30 a.m. The Day We Live.

## CONCERTO for whistle and cro

Sheffield United, at the very bottom of the first division, drew on Saturday with Queens Park Rangers, joint top. There were two goals and not much good football. It was difficult to see the length of the division and 30 points between the teams.

Some day perhaps (perhaps to amuse bored soccer fans) someone will devise a concerto for whistle and croaking, preferably with glory parts for a couple of bawling solo stentorian voices. If anyone does, I should expect Mr. K. W. Riddon, Secretary of the Sheffield Whistle and Croaking Society, to be the first to blow up to show off his whistle power. And he could hardly do worse than with a bit of practice and working to a proper score. It was that sort of game.

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

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## Brilliant Petingo dies at stud

THAT BRILLIANT and popular milner, Petingo, who retired to stud in 1960, has died of a heart attack at the Sharnbrook stud in Ireland.

Petingo, who had the misfortune to run up against Sir Ivor in the 1963 2,000 Guineas—possibly the most competitive running of that classic since the war—had made a highly encouraging start to his stud career.

With only four crops of runners he had stired the winners of about 112,000, including English Fillies, Saffron, Pictoria, Splashing.

In 1974 Petingo, a handsome bay son of that great sire, Pictoria, was the leading British-based sire.

The loss of Petingo, who seemed likely to develop into a particularly successful sire of brood mares, (as was Pictoria) is a sad blow to European breeders.

The property of a syndicate, Petingo, a 7,800 guineas yearling purchased by Captain Marcos, was worth about 750,000. Last year, Petingo, a 4-year-old, was sold for 100,000 to a syndicate in the United States. Petingo, who was a consistent yearling winner, was a consistent yearling winner, was a consistent yearling winner.











## OVERSEAS NEWS

# Madrid plans for army to break transport strike

BY ROGER MATTHEWS

THE SPANISH Government has drawn up emergency plans involving the use of the army to ensure the delivery of essential food and other supplies should renewed efforts to end the week-old strike by lorry drivers prove unsuccessful.

The strike, which began in Madrid, has now spread nationwide and taken more than 45,000 lorries off the road.

The army was called in yesterday to prevent the south-western town of Badajoz running out of water while in several southern towns supplies of fresh fruit and vegetables have diminished sharply. Madrid has not so far been seriously affected, but lorry owners said today they

expected bread and milk deliveries to be hit within the next three days.

The Association of Transport Owners in Barcelona has asked for formal police protection against "uncontrolled pickets." There is also mounting official concern over the increasing violence in clashes between police and workers. In the northern town of Vigo, police and demonstrators fought a series of running battles last night with steel plants being set up in central parts of the city.

Barcelona, Spain's second largest city, witnessed its worst violence for many years on Friday night when groups of demonstrators also built barricades and several times tried

unsuccessfully to overturn buses and set them on fire.

More than 85,000 building workers have been on strike in Catalonia, but there are hopes that they will return to work tomorrow following the signing of a new wage deal. There is less optimism in the case of some 25,000 striking teachers.

In the Basque provinces, which have been relatively free from industrial disputes, workers from one of the country's main steel plants have struck in support of 800 colleagues who were

# Mobutu and Neto sink their differences

BY JANE BERGEROL

LUANDA, Feb. 29.

AFTER almost a year of war, its own territory aimed against the neighbouring government.

This is very much a two-way clause, since it not only precludes continuing Zaire support for Holden Roberto and his former Zaire-based FNLA, but for President Mobutu, holds out the hope that Angola will not allow the Zaire opposition to wage guerrilla war from Angolan bases.

Another clause covering "voluntary repatriation" of refugees in both countries, under United Nations auspices, again will concern not merely Angolans in Zaire but also Zairians in Angola, including the celebrated Katangese gendarmes and their families.

The summit was held according to the final communiqué, in a spirit of "understanding" and President Agostinho Neto built into the final agreement a clause expressing Angola's appreciation of President Mobutu's stand against foreign mercenaries transiting through Zaire to fight against MPLA in Angola. No direct reference is made to Zaire's backing of FNLA, again a conciliatory concession by the Angolan Government, nor of the presence of Zaire troops inside Angola in the fighting. Instead, Angola confirms its will to "co-operate with neighbouring countries" — possibly a gesture towards Zambia as well — and specifically holds out Angolan guarantees in the field of communications. This may mean a rapid reopening of the Benguela railway line to Zaire traffic.

## POLISARIO'S NEW REPUBLIC

# U.S. envoy in Algiers

BY EIRENE FURNES

ALGIERS, Feb. 29.

A SENIOR U.S. State Department official is in Algiers for a meeting with President Houari Boumedienne as part of a fact-finding tour of capitals involved in the now fast-moving dispute over the Western Sahara.

Mr. Alfred Atherton, Assistant Secretary of State with special responsibility for Near Eastern Affairs, will spend three days in Algeria before flying to Morocco on Tuesday.

The official Algerian news agency APS reported last night that 21 of the 47 member states of the Organisation of African Unity (OAU) have expressed support for recognition of the Polisario Front, the Algerian-backed independence movement which proclaimed a Saharan Arab Democratic Republic on Friday night.

The news agency said nine countries opposed recognition when the issue was discussed by the political committee of the OAU ministerial council, meeting in Addis Ababa.

Proclamation of the new Saharan Republic was made by Mr. Mohamed Ould Zouir, president of the Saharan Provisional National Council, near Birahouj, inside Western Sahara at midnight on Friday.

Dressed in a long brown jellaba and wearing a beige turban, Mr. Ould Zouir made the declaration standing in the desert at the centre of a huge circle of some 10,000 Saharan men,

women and children picked out here and there by Land Rover headlights. The Polisario flag (black, white and green horizontal stripes with a red triangle at the staff end and a red star and crescent in the middle of the white stripe) was hoisted on a makeshift flagpole by two young Polisario militiamen. A detachment of men presented arms and the crowd went wild celebrating until nearly dawn.

A group of children marched around the flagpole singing the Polisario national anthem.

What next for Polisario? They and their Algerian backers are gaining political and diplomatic ground, but Moroccan and Mauritanian troops hold most of the territory and most of the Saharan population has been evacuated to refugee camps. "We will never give up fighting for independence. If we don't win it then our sons or grandsons will," said Mr. El Walli.

● In Rabat, Morocco said that the Saharan Republic was proclaimed on Algerian territory, and not in the Western Sahara, Reuters reports.

Our Addis Ababa correspondent reports: The OAU marathon debate on the Western Sahara continued here to-night in an atmosphere charged with wild conflicting accounts of the proceedings and, though no vote has been taken, the Organisation is deeply split on the issue.

# Egypt '45 days behind on debts'

BY MICHAEL TINGAY

CAIRO, Feb. 29.

PRESIDENT Sadat returned here today from Kuwait after a nine-day tour of Saudi Arabia and the Gulf to an uncertain financial climate which has seriously worrying foreign bankers and financiers.

Mr. Sadat has secured the promise of support in principle for an Arab fund for Egyptian economic development. But clearly he has failed to allay uncertainty concerning Egypt's short-term problems.

Dr. Ahmed Zaidi, chairman of the Central Bank of Egypt, left here for Saudi Arabia on Friday in what was interpreted here as an effort to speed up the transfer of a promised \$300m. in immediate aid. The full financial results of the tour will not be known for several days.

Even if reports that Kuwait will match the Saudi promise of \$300m. are correct, Egypt's foreign exchange position remains serious.

Foreign sources here said the country was up to 45 days overdue on bank to bank facilities. A senior Egyptian banker admitted to 22 days overdue but claimed that 45 days must be a technical oversight.

Observers here stressed the difference between Egypt's credit and the long term economic problems.

Egypt currently borrows up to \$2700m. (about £900m.) in short term revolving credits to pay for vital imports. Not only are bank to bank repayments overdue, but supplier credits are as much as four months in arrears according to reliable sources. The major airlines operating offices in Cairo have been stalled for periods reportedly up to one year for the official conversion of their Egyptian pounds locally earned into foreign currency.

# Iraq to switch emphasis to Gulf pipelines

BY RICHARD JOHNS

BEIRUT, Feb. 29.

IRAQ is planning to maximise throughput of oil from its northern field to its Gulf export terminals near Basrah rather than to its traditional Mediterranean outlets at Baquba in Syria and Tripoli in North Lebanon, the latest edition of the Middle East Economic Survey report here.

The well-informed weekly says that Shell, Compagnie Francaise des Petroles, OMV (of Austria) and Hispanoil, as well as Soviet and East European customers, have been advised that they should make arrangements to ship their requirements of Kirkuk crude from the Gulf terminals of Khir al Amaya and Mina al Bahr.

Although the MEES report does not say so, it is understood the decision to divert as much Kirkuk crude as possible, away from the Mediterranean is directly related to the deadlock in the talks between Iraqi and Syrian Government on the cost of crude supplied to the latter.

and the level of transit dues pumped through the pipeline system across Syrian territory to the Mediterranean.

At Bagdad, talks with Damascus on a number of issues like the Lebanon and sharing of the Euphrates water, the Baghdad Government appears to be more than ready to deprive Syria of the useful revenue from the transit of oil-estimated at about \$135m. last year—and to stop supplying oil at a concessionary rate—involving a saving of up to \$90m. in 1975.

The Iraq-Syrian talks were adjourned the week before last inconclusively and having, it seems, added to the rancour between the two regimes. Under agreements drawn up before the oil price escalation and covering the three years 1973-75 transit dues were set at 45.55 cents per barrel, inclusive of operating costs, and the Iraqi crude deliveries to Syrian refineries was charged at the rate of \$3.05 per barrel.

# Farm prices, elections top EEC Ministers' agenda

BY ROBIN REEVES

BRUSSELS, Feb. 29.

DETAILED arrangements for direct elections to the European Parliament and the Common Market's annual farm prices review are among the issues to be thrashed out at EEC Council of Ministers' meetings here this week.

To-morrow and Tuesday, Foreign Ministers of the Nine will have their last opportunity to clear the way for EEC Heads of Governments to give the final blessing at their early April "summit" to direct European elections in May or June 1978. There is still a formidable amount of work to be done. The draft convention upon which officials have been working feverishly since last December's Rome summit gave the go-ahead in principle, leaves a number of key issues wide open; notably the number and distribution of seats, and a precise date for European polling day.

With consultations on direct elections in Britain itself only just getting under way, Mr.

James Callaghan, the Foreign Secretary, will also be looking for a clause in the convention which does not bind the Government hand and foot to meeting the 1978 deadline.

The Foreign Ministers will also examine problems surrounding the introduction of a European passport from 1978 onwards, and give their preliminary views on the Brussels Commission's recommendations to limit exclusive offshore fishing to no more than 12 miles, in the event of an UN Law of the Sea Conference agreement to adopt 200-mile economic zones. British Ministers have already indicated that they consider a 12-mile band insufficient. But Mr. Callaghan will have the opportunity now to spell out what the Government would be prepared to accept.

Meanwhile, Agriculture Ministers of the Nine will begin on Tuesday what is hoped will be the final negotiating session on EEC farm prices for the 1976-77 season.

# Turkish 'embezzlement' scandal

TURKISH Prime Minister Suleyman Demirel's nephew has been arrested in absentia on charges of embezzlement of State Treasury funds which is bound to have major political consequences. Metin Mumr reports from Ankara.

Mr. Bulent Ecevit, the main Opposition leader, has accused Demirel of having tried to cover up the alleged embezzlement and filibustering a move to open a Parliamentary investigation into it.

**Lockheed probe urged**  
The influential opposition newspaper "Ta Vima" yesterday urged the Greek Government to open a formal inquiry into the purchase in 1973 of 15 trans-sonic planes from the Lockheed Corporation despite objections from high ranking air force officers, our Athens Correspondent reports.

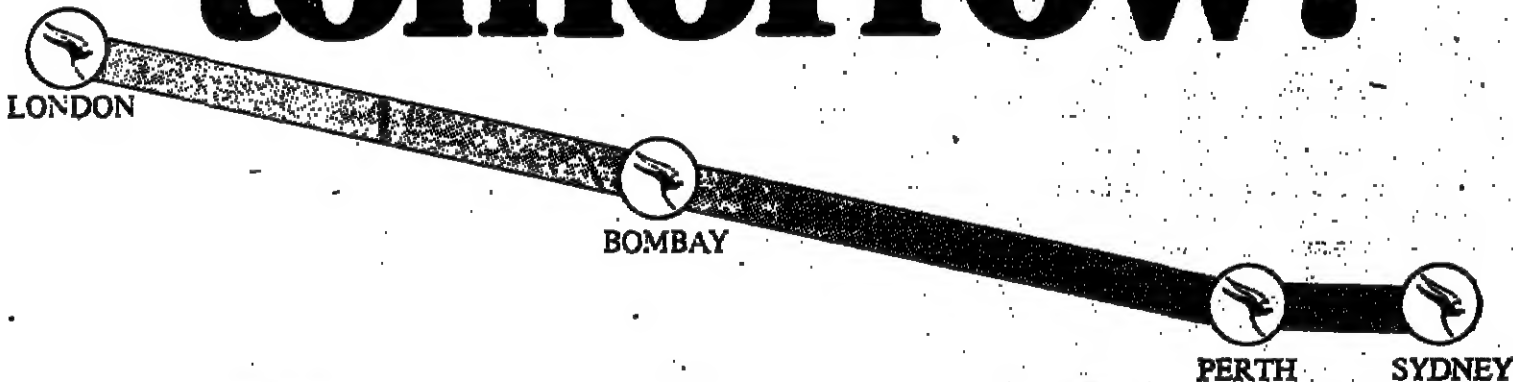
**Venezuela draws up blacklist**  
Venezuelan President Carlos Perez has said that his Government will draw up a

"blacklist" of foreign and domestic companies known to engage in international bribery and that the Government will not deal with any of these firms. Joseph Mann reports from Caracas. The President's statement came less than a fortnight after a Presidential investigation into alleged bribes made by Occidental Petroleum here was completed.

**Galilee storm**  
An Israeli Cabinet decision yesterday to requisition 3,000 acres of land in Galilee has touched off a storm of protest by Jewish and Arab landowners. Reuters reports from Jerusalem.

Housing Minister Abraham Hec announced that the Government would pay fair compensation for the 1,500 acres owned by Arabs and the 1,000 acres owned by Jews, with the remaining 2,500 acres in Government hands.

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## The Office World

EDITED BY JOHN ELLIOTT

U.S. BUSINESS MACHINES... BY CANDACE CUNIBERTI IN NEW YORK

## Another copier price war

THE TWO GIANTS of the U.S. copier industry, together with their smaller competitors, have drawn up lines for what may turn into a major price battle. Xerox recently challenged its arch-rival, International Business Machines, and cut the sales price on its \$100 and \$100-LDC model copiers to \$10,000 and \$14,000 respectively. But further such developments are thought likely following the introduction, expected shortly, of IBM's new copier series, which some analysts expect to provide real competition for Xerox in the market for medium-capacity machines.

Round one in the battle took place last autumn when Xerox first announced its plans for substantial pricing changes. At the time, IBM swiftly countered with lower prices for its copier II. Xerox immediately struck back with additional reductions for its four models which compete directly with IBM's copier II. Now Xerox has cut prices again, this time retroactive to December 31.

## Response

Some analysts feel that these price reductions are really a catch-up response by Xerox to keep its product prices in line with those of IBM. A Xerox spokesman took offence at the

suggestion that his company was playing follow the leader with its major competitor. Nevertheless he did admit that Xerox prices were way above the competition, but he claimed "We feel we rate the premiums." Premiums or no, the company is determined to keep its market share, and price cuts seem to be the favoured method at present.

Sources close to the industry feel that these are signs that Xerox is now "coming of age." It is learning to temper its methods to a far more competitive market—a market which for many years was its oyster. One analyst suggested that Xerox had either been insensitive to, or unaware of, a growing cost consciousness on the part of copier users over the past two years. IBM had, he felt, been a bit wiser and consequently had improved its market position.

Xerox, of course, faced an especially difficult period last year, and has struggled for the past two years. High prices, have in the past, been part of the plan to keep Xerox on target for its short term revenue projections. After last year's struggle, however, it would seem that high prices are not enough. Price sensitivity, however, was hardly a secret. Smaller copier companies have tried to make use of a price edge to carve out

their modest shares of the copier market. Pitney Bowes entered the copier market a year ago this February, and initially set its prices for some product packages as much as 30 to 40 per cent below those for the Xerox 300 on comparable monthly plans. Xerox reduced its price cuts last autumn.

## Tried again

At the end of January, this year, Pitney Bowes tried again to establish a wider distance between its prices and those of Xerox. The company announced price reductions and discount plans for its rental contracts, which it was hoped would bring an important price advantage in the medium-volume market—Pitney Bowes only rents, it does not sell its plain-paper copier.

Among other changes the company cut its basic monthly rental charge on a single machine, for a customer making 10,000 copies a month by 5.7 per cent. In addition—at the same volume levels—a customer could choose a new six-month plan, which runs about 5.1 per cent, less than its previous one-year plan. It is hoped this will entice customers who use the 30-day plan to commit them-

selves for six months instead. (Neither Xerox nor IBM have a six month option on leases.) Tom McGarry, director of corporate communications for Pitney Bowes, said that the reductions almost restore the pricing edge on which they based their original prices last year.

Two of the other smaller copier companies, Savin Business Machines, and the Minnesota Mining and Manufacturing Company, both say they have no plans to cut their prices at present. In general, analysts and industry sources are not yet sure how widespread a price war is in the making, although the costs may still drop lower before a firm base is found.

It is thought by some that Xerox is trying to gain a better competitive position before IBM announces its most recent copier line. While some industry sources suggest that the new product will be a specialised copier, there are others who feel that IBM may be about to unveil a product which will really give Xerox a run for its money. If that is the case, it is an open question where prices may go.

A full scale price war, noted Mr. McGarry with understatement, "would make it difficult for everyone."

## DHSS tries local staff participation

BY NICHOLAS LESLIE

AS THE Government department which comes closer to the general public than any other, the Department of Health and Social Security must bear more than others the brunt of people's frustrations and anger generally against "inefficiencies" of the civil service. But if accusations were to be made that nothing was done to improve the service, it appears that they would be wrong.

In selected social security offices small working groups have been attempting over the past two years to find ways of improving the service given to the public, while at the same time attempting to give greater job satisfaction to the people working in the offices.

In the latest Civil Service Department journal, *Management Services in Government*, Mr. Derek Burden, a consultant with the CSD, describes how this was done. Instead of the conventional administrative approach of analysing the problem centrally and drafting a set of proposals to meet the expected demands for the next ten years or so, he illustrates how it was decided to go out to the local offices not only to learn about problems of staff and public at first hand, but also how to involve the staff in understanding and seeking solutions to the problems.

Describing what happened at two of the offices, Wallsend and Wakefield, Mr. Burden says staff at all levels had over a period actively concerned themselves with analysing and improving their work organisation and working methods. New counter arrangements had been introduced and greater sympathy was extended to the public's reaction to the services provided.

Efforts were also made to improve training, personnel management and communications within the offices and various arrangements made to measure the effectiveness of the changes introduced. To do all this, arrangements were made to ensure that the groups could work in an atmosphere free from official codes and procedures and from local demarcation issues.

Mr. Burden feels that while none of the measures carried out could be described as unique, the factors which distinguished what he describes as "new model offices" were the wide range of innovative work being tackled under one roof. In addition there was a high degree of involvement of all staff from manager to clerical assistant.

On staff involvement, he maintains that despite the stresses of social security work, local office staff at all levels have a considerable reservoir of energy, ability, ideas, goodwill and enthusiasm which can be tapped by more participative methods of management. But he adds: "There is no short cut to a genuinely participative method of managing. Willing effort and imaginative contribution from staff does not come in response to gimmicks of any kind. It only comes when staff experience the reality of having as complete a job as possible, with discretion over how it is to be tackled—and in the knowledge that their managers actually want and value their ideas."

Mr. Burden also stresses that it is not any particular reorganisation or new procedure which brings commitment, but the "process of creating it." This process had to be communicated to other offices and had to be experienced both for managers and staff. "Nothing can substitute for the actual experience of beginning to behave in different ways," says Mr. Burden.

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## Danish company experiment with small work groups

MAJOR CHANGES in operating methods and organisation of a company are frequently born of necessity. But at two Danish companies involved in the computer stationery field they came about as a result of an experiment which the companies decided to undertake during a period of high profitability.

The companies concerned were Con-Form Formularitrykkeri which markets computer stationery for its sister concern, Con-Form Produktion, and the changes came about as a result of their managing director, Mr. Erik Brodam, deciding to take the risk of upsetting an already successful operation by introducing the changes.

Mr. Brodam's imagination had been fired by the possibilities for decision-making groups throughout the organisation with minimum interference from top management, with information flowing freely upwards, laterally and downwards and with relationships based on trust rather than on formalised reporting procedures.

He was also influenced by experiments at an education centre established by the Danish Government for pupils in their eighth, ninth and tenth years. Asked to create an ideal model for a company, their choice of organisation showed their desire to work in a small group, sometimes with a leader and sometimes without.

The marketing and production companies employ about 35 and 100 people respectively and are fairly typical of Danish companies since 90 per cent of them have less than 100 employees. And, with a combined annual turnover in excess of \$15m, they form part of the Bording Group, a large printing concern made up of 16 companies employing 1,600 people. They used to have a traditional management set-up of a managing director with an accountant and sales manager reporting to him—and a sales force which was divided into "sales" and "base" workers.

The new structure Mr. Brodam introduced was based on a small number of sales groups, an administrative group and a man-to-man group. In this way administration were made the responsibility of the groups. Setting sales targets and prices, group formation. There was no longer any distinction between "field" and "base" workers. The former base workers, who used to be mainly concerned with administrative chores, were now involved in communicating with customers, as well as suppliers and the production company. The old lines of job demarcation had vanished.

For a group to be autonomous, even within broad organisational objectives, it must formulate where it wants to go and plan for itself how to get there. The tasks of administration were made the responsibility of the groups. Setting sales targets and prices, group formation. There was no longer any distinction between "field" and "base" workers. The former base workers, who used to be mainly concerned with administrative chores, were now involved in communicating with customers, as well as suppliers and the production company. The old lines of job demarcation had vanished.

DESPITE SIZEABLE salary increases in 1974 and 1975, senior U.K. executives are still paid far less than their European counterparts—as much as 30 per cent less than those in France and Belgium, for example.

This is a conclusion of a study carried out by Eurosurvey, an international executive search firm, on the European executive scene.

To illustrate the wide divergence of pay scales, the survey states that in France and Belgium respectively, the managing director of an engineering company with a \$30m annual turnover was earning an average of \$36,100 and \$33,000 after 8 per cent and 28 per cent increases on the previous year, while in West Germany the salary level was \$33,000, following a 10 per cent lift. The Netherlands figure was \$32,400, up 8 per cent.

In contrast, the U.K. executive in a similar position has a salary of only \$18,000, and that after an average 20 per cent increase on the year before.

Because of the generally depressed economic climate now holding down pay rises, it is not surprising that the survey finds that throughout Europe there is a greater number of executives expecting to increase salaries by moving to new companies.

Irrespective of the selection and dismissal of employees—these, and others, were now issues for the group. Each sales group sells the same range of products across the same geographical area to the same type of customer. Individual salesmen are not allocated different territories, some of which might be thinner or fatter than others, but have instead a register of customers. If a salesman fails to get an order from a customer in six months he has to hand the customer over to another salesman.

The planning of sales strategies and campaigns is done by the whole group with the former field and base workers equally deeply involved. Each person in the group then sets their own targets for the next six months—for turnover, price level and quality. Every individual decides the price at which he will sell, which is social as well as technical or possible because every order is task factors played a part in designed specifically for that

There have been as many as 20 temporary project considerations various problems any one time and although has its disadvantages: feels that the temporary project system is a way to raise people's ability to learn, a good way of out a waiting period of a more permanent system emerges.

One lesson that has learned is that change is process, even in an organic Con-Form. It is correspondingly more and more time-consuming in larger companies. Brodam estimated that say, 1,000 employees would take between 8 years to introduce work organisation development changes. A developments have been rapid in the marketing of they are continuing to after the relatively long of eight years and group the production comparison designated as "temp."

As a result of the generated, Brodam says, the sense of responsibility has, sales increased, using the same of people. The annual sales increase per cent in 1970-71. In years sales grew less sharply but the share of individual continued to increase. More recently the Bording group as a whole continued to improve, but in fact the most prominent member of the group.

The new system tends to reduce management. The sales manager Brodam one day "I have no decisions left. I have no and he left the company then Brodam himself or ally feels both overpaid and redundant, sometimes, A-group ask him, he hel on the switchboard.

Consensus decision making, time consuming meetings lasting up to ter it can be tedious and app time wasting. Fortunately average duration of the management group meet only 1½ hours and it is s right—the managing director—ant that no one wants, the other seven places being to the previous wa filled by employees. This group operating.

Every management group meeting has an agenda, responsibility for which is taken by a different work group each week. Normal practice is for there to be a standard printed card, on which agenda items can be entered, placed on a notice board where everyone may have access to it and make any entries they wish to. This can be done either by individuals on their own initiative or on behalf of their group at any time up to mid-day on the Wednesday before the meeting, at which time the agenda becomes fixed. No item can be rejected for discussion at the management group meeting, priorities are not allocated to items and no time constraints are put on the meetings.

Developments have been rather different and slower in the production company—the company has many more employees and is heavily unionised. Brodam described to the shop stewards a structure built around an L-group or leader group which would consist of only one member by the managing director—ant that no one wants, the other seven places being to the previous wa filled by employees. This group operating.

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Westdeutsche Landesbank Girozentrale

West Germany

WHAT THE CITY CAN DO IN THE MIDDLE EAST CONTEXT

Dr A M Hegazy

Formerly Prime Minister of Egypt

WHAT THE CITY HAS STILL TO DO IN THE EUROPEAN CONTEXT

Mr H R Hutton

Commission of the European Communities

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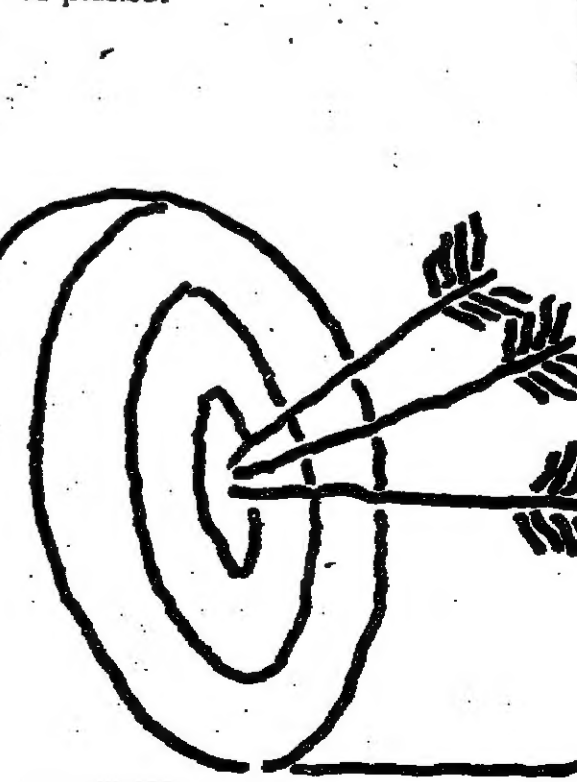
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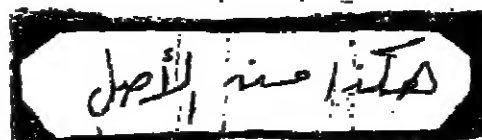
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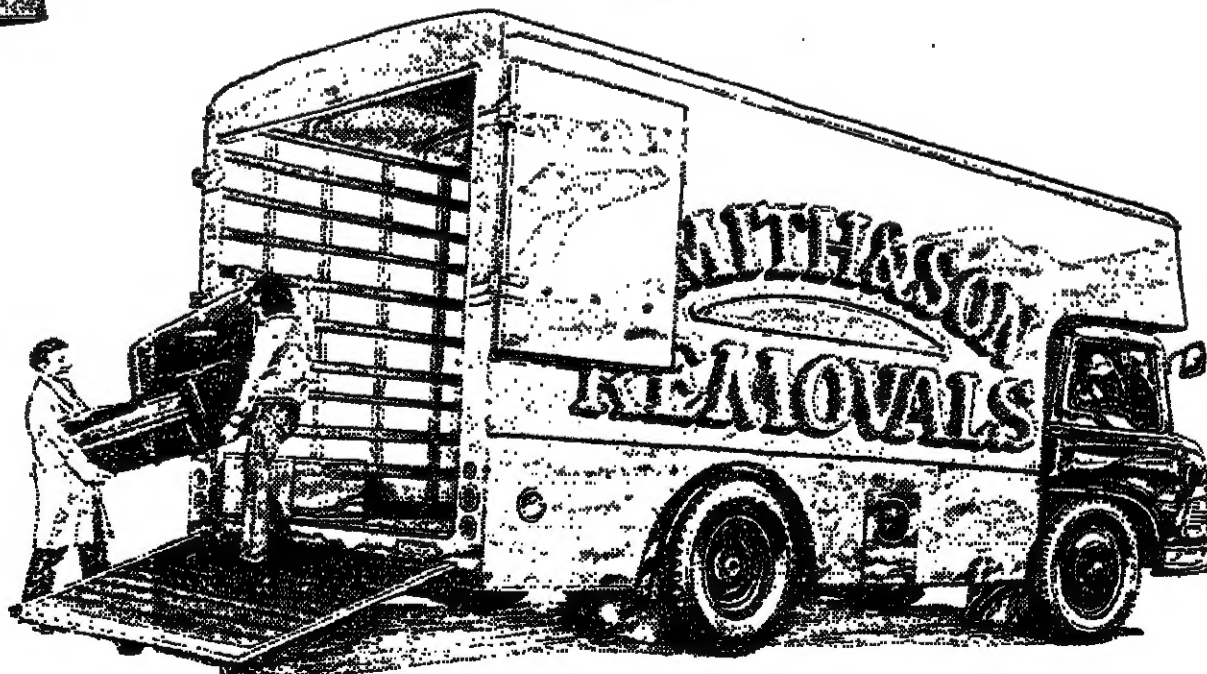
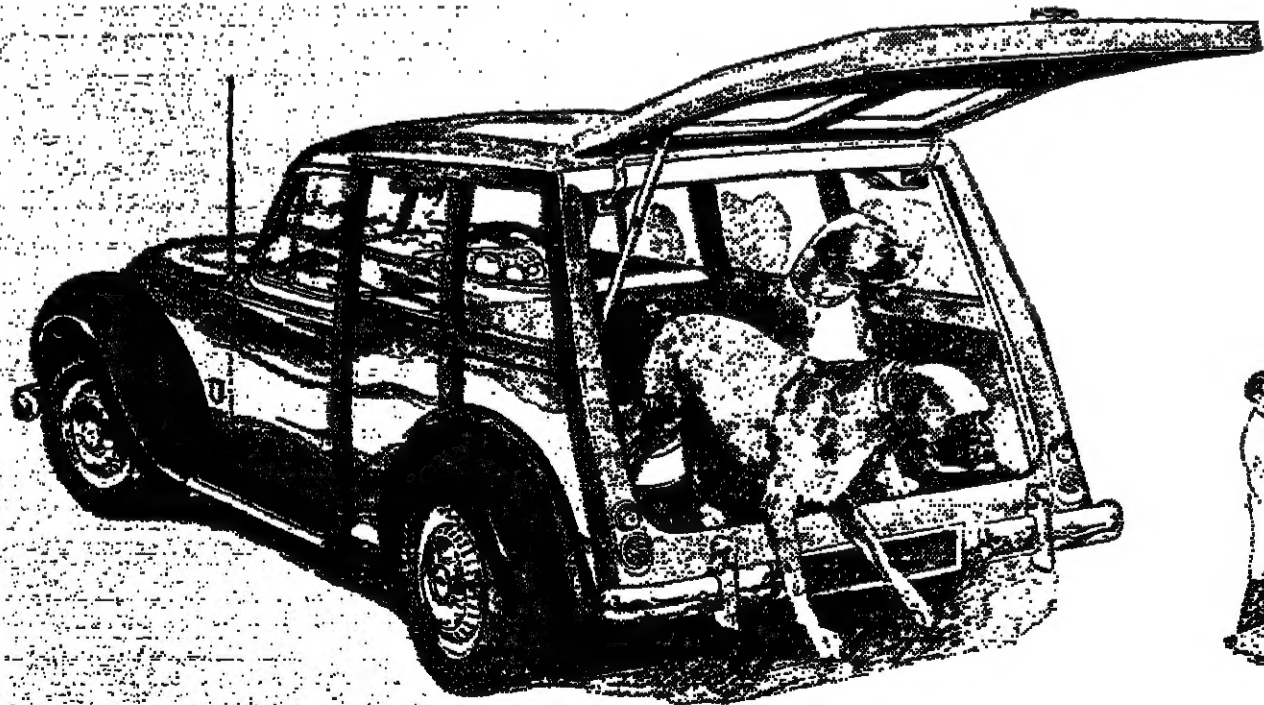
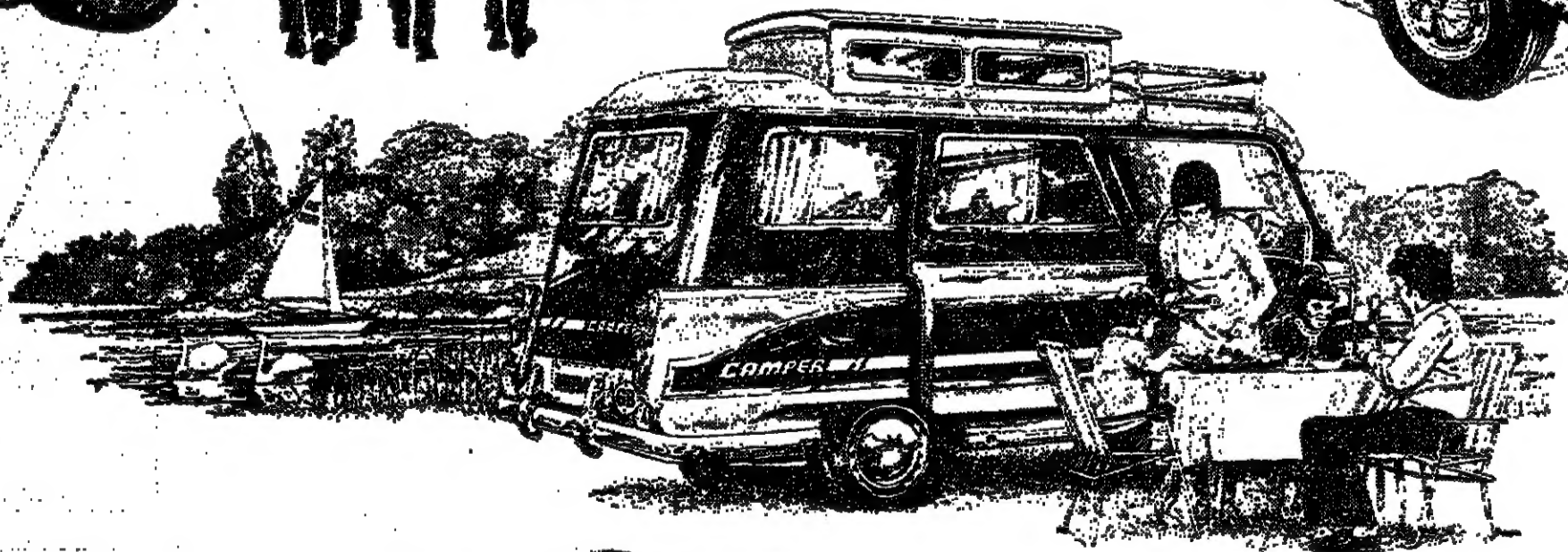
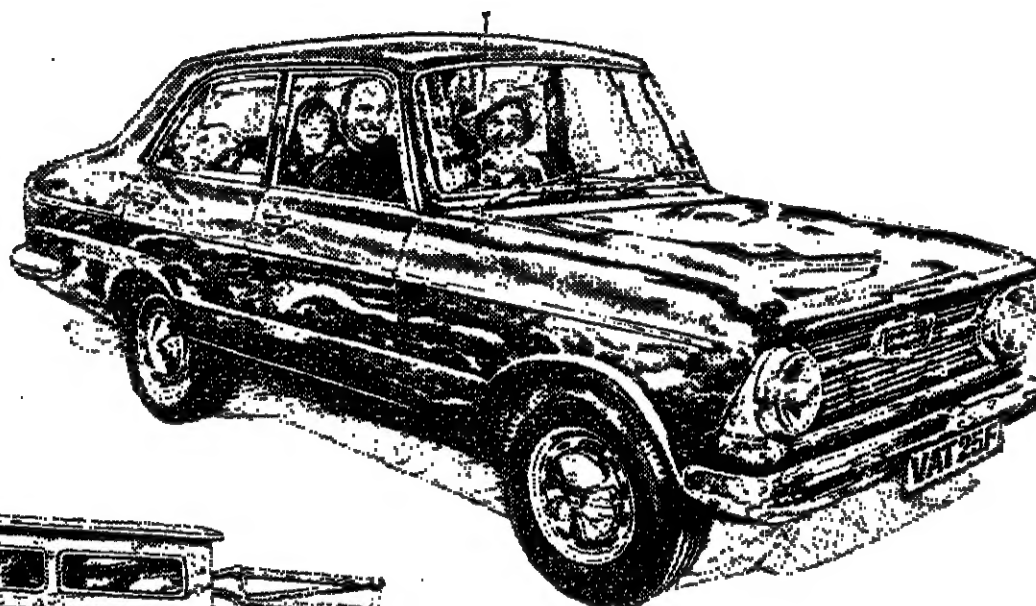
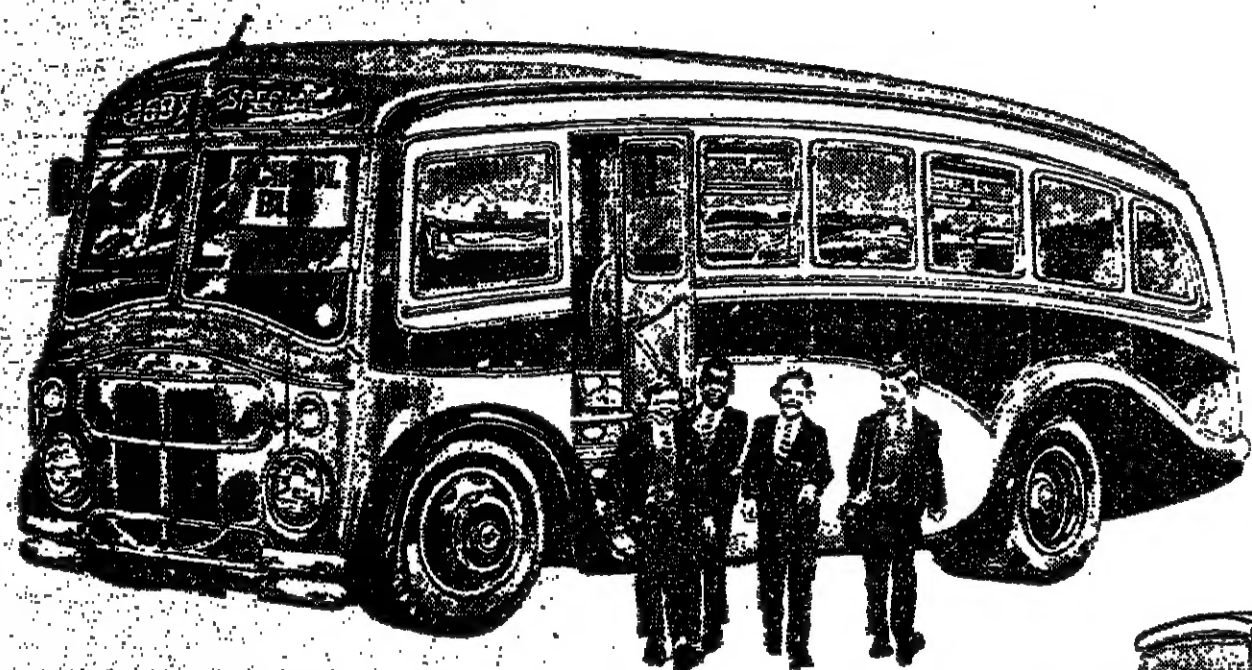
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## LABOUR NEWS

## Post Office union seeks State cash for parcel service

BY DAVID CHURCHILL, LABOUR STAFF

FEARS that the Post Office plans to round off and eventually to abolish its parcel services have prompted the 190,000-strong Union of Post Office Workers to ask the Government for cash to keep the service operating.

Mr. Tom Jackson, general secretary of the union, said yesterday that next month's proposed 25 per cent. increase in parcel rates was part of a new Post Office strategy to keep increasing charges until money could be made on "a very small volume" of the service was abandoned through lack of use.

The Post Office workers' attack on the pricing policies comes after a similar argument put forward by the rail unions last week in opposition to British Rail's plan to increase fares and cut services.

Leaders of the three rail unions are meeting today to discuss the possibility of a joint approach to the Prime Minister on the fare rises, which they say will cut passenger volume substantially and lead to higher fares.

The Post Office was also under fire yesterday for its proposals to cut services, such as Saturday deliveries, which the Post Office National Council "deplored," and prompted a call by Conservative MP Mr. Geoffrey Flinners for the resignation of Sir William Ryland, the Post Office chairman.

Mr. Jackson said yesterday that the union supported the Post Office's "massive economy drive" as a means of making the postal services more cost efficient, but he was angry over the proposed parcel rate rises because they had been introduced without consultation with the union.

There was substantial spare capacity within the Post Office which carried higher fixed costs irrespective of volume, but the continual increase in prices would produce a lower volume of business "stands normal commercial practice on its head," Mr. Jackson is confident that there will be no increases in letter post charges this year.

## ASTMS ballot victory

BY OUR LABOUR STAFF

MORE THAN 800 senior scientific and professional staff at the Albright and Wilson chemical group will be represented by the Association of Scientific, Technical and Managerial Staffs after a ballot of staff.

ASTMS said yesterday that 67 per cent. of the Albright and Wilson senior staff had voted in favour of representation by the union, although it had less than half as members. ASTMS to represent about 9,000 senior already represents about 3,500

## TUC ANNUAL ECONOMIC REVIEW

## Active role is sought for Enterprise Board

GOVERNMENT moves to

improve the flow of funds to industry, restrict imports of certain key goods and reduce unemployment levels are recommended in the TUC's annual economic review published today.

Further details of how the TUC would like to see almost £2bn. injected into the economy in the April Budget are included in chapters of the review to be released to-morrow.

Those released to-day centre largely on the development of industrial strategy where the TUC underlines the National Enterprise Board's "prime" role.

The TUC maintains it is vital that the NEB should not be hindered by unnecessary restrictions and should have the maximum freedom to act in takeover situations. It should not have to obtain the agreement of Boards of directors where it can find willing sellers of shares, and it should not have to delay purchases of shares in such circumstances while formal Government approval is sought, says the review.

The TUC look forward to NEB undertaking "a very active role" in the coming year in the acquisition of companies, the setting up of new manufacturing industry, the financing of stockbuilding programmes and action to remove bottlenecks.

## Slow progress

It further suggests that when fully operational, the NEB should be empowered to spend £1bn a year as against the £1bn for five years provided under the Industrial Act.

"Disturbed" at the slow progress being made in the implementation of planning agreements, the TUC—which wants the Government to set a target of 100 planning agreements with top companies by 1978—calls on the Government to remedy the situation both by the use of its public purchasing policy and by offering special assistance for investment programmes agreed to in the context of planning agreements.

This could be achieved if the Chancellor introduced an investment reserve fund claims the TUC, although it recognises that it would be hard to start such a fund at a time when company profits are relatively low.

Accordingly, it calls on the Government to provide "pump priming finance."

Once the scheme is fully operational the TUC envisages the Government being able to offer a lower rate of Corporation Tax for those companies in the scheme. Expenditure from the fund should be for investment projects which have been agreed on by the Government in the context of planning agreements.

The TUC also wants banks to be obliged to make compulsory interest free deposits with the Bank of England which would only be released in line with a bank's lending to manufacturing industry at concessional rates agreed on by the Bank of England.

In addition, the TUC says there is a very strong case for financial institutions providing more medium and long term finance in the primary capital market.

Development of consortia of institutions to directly take shares in companies and influence the running of them is suggested, but the TUC maintains this would also necessitate greater Government supervision and control, possibly through the NEB.

On stockbuilding the TUC welcomes the Government's decision to finance stockbuilding by the British Steel Corporation and the National Coal Board and urges that concessional Government loans be made available to finance similar operations in the machine tool and paper-making industries.

The TUC argues that increased investment in some nationalised industries would also go a long way towards helping the hard-pressed machine tool industry. The lifting of the temporary freeze on the British Leyland capital investment programme, a further examination of the Post Office ordering programme and a major export effort by British Rail Engineering are all suggested.

An additional £100m. allocation for local authority housebuilding during 1976 and the doubling of the temporary employment subsidy to £30 a week are included in measures designed to reduce unemployment. Other includes a call for a Government veto on large-scale redundancies for six months during which time the Temporary Employment Subsidy would be paid on the Government's initiative rather than the company's and a new labour subsidy paid to companies establishing new jobs in areas of high unemployment.

## Import curb

Immediate action to reduce the growth of imports to ensure that in the coming three years they rise no faster than total domestic demand is also urged. The TUC calculates that by preventing an acceleration in the growth of imports approximately £1,350m. a year can be saved on the balance of payments.

It is suggested that the Government, the TUC, CBI and the National Economic Development Office monitor progress on import penetration on a monthly basis as part of the Government's industrial strategy.

Motors, car components, elec-

tronics, cutlery, textiles, clothing and footwear are all sectors picked out for immediate selective import quotas.

In addition, the TUC wants a company's import-export balance to be included in planning agreements thus enabling the Government to influence the extent to which large companies import goods.

The pegging of top salaries at around £20,000 a year is urged in a chapter of the review on inequality which also calls on the Government to include a Wealth Tax in the autumn Finance Bill and move towards a situation where retirement pensions are 33 per cent. of average earnings for men and 50 per cent. for a married couple.

## Pension rise

On the distribution of wealth, the TUC suggests that salaries for top civil servants, judges and nationalised industry chairmen, be related to median earnings by establishing a ratio of about seven to one. The present median is about £2,900.

A £3.50 a week pension rise for a married couple from July is urged as a starting point for linking pensions to average earnings. Improved national insurance benefits and family allowances are also urged as are tax changes designed to "hit the higher paid and benefit the lower-paid."

## SOGAT members defy court order

By Our Labour Correspondent

A LONG-RUNNING dispute over London area distribution of Sunday newspapers has ended in the High Court.

Distributors from the fringe of the London area who are not party to agreements between the Newspaper Publishers' Association and the major London distributors, including W. H. Smith and John Menzies, have won an interim injunction requiring six Sunday newspapers to deliver to their orders by 4.30 a.m. on Sunday morning.

In spite of the emergency injunction, ordered by Justice Templeman on Saturday, the newspapers were unable to comply, because many members of the Society of Graphical and Allied Trades defied their union's instruction by dispatching newspapers to the main London distributors first.

## Jobs in jeopardy

SOGAT members are opposed to the fringe distributors who they see as non-union "pirates" because they fear that they are placing their jobs in jeopardy.

The union's members have insisted in recent weeks that fringe operators should receive their Sunday newspapers after other main distributors.

Saturday's interim injunction was designed to force the newspapers—the Daily Mirror Group, Beaverbrook Newspapers, the News of the World, the Observer, the Thomson group and the Sunday Telegraph—to revert to earlier arrangements under which the outer London distributors received their newspapers first.

To-morrow, the matter will be the subject of a full High Court hearing.

## BAC men plan job cuts lobby to-morrow

By Our Labour Staff

WORKERS from the British Aircraft Corporation's factory at Filton, near Bristol, protest at redundancy notices on Friday, leading to mass meetings at the Filton factory which voted in favour of limited industrial action in opposition to the redundancies.

The cuts in the workforce were part of BAC's planned reduction which will amount to 2,400 fewer jobs by May, in line with the completion of work on the Concorde project, which now seems likely to end with 16 aircraft.

At Filton, 350 workers received redundancy notices on Friday; at Weybridge, Surrey, 220; at Hurn, near Southampton, 135 and at Fairford, Gloucestershire, 50. BAC said that more people than expected had already left voluntarily for various reasons.

The corporation said that workers inside the redundancy will represent about 32 per cent. of those leaving. There has been significant transfers to other work, natural wastage and retirements.

Last Tuesday, union pickets blocked all the main gates to Filton, preventing 4,000 employees, including workers from the adjoining guided weapons division, from entering for two hours. A number of workers have already transferred to this division.

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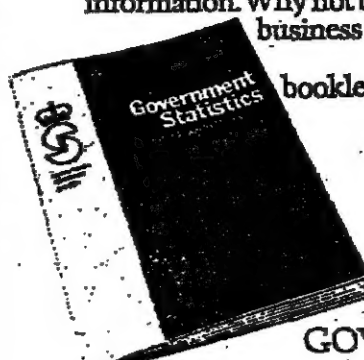
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## SINKING FUND REDEMPTION NOTICE to the holders of

## General Cable International N.V.

Guaranteed Floating Rate Loan Notes 1980

NOTES IN EXCESS OF £1,000,000, pursuant to the terms of said Notes and the Fiscal Agency Agreement dated as of September 28, 1970 among General Cable International N.V., General Cable Corporation, Guarantor, and Irving Trust Company, Fiscal Agent, that General Cable International N.V. intends to and will redeem on March 31, 1976 by operation of the Sinking Fund provisions of said Notes \$2,000,000.00 principal amount of General Cable International N.V.'s Guaranteed Floating Rate Loan Notes 1980 at 100% of the principal amount thereof, which have been selected for redemption by Irving Trust Company, as Fiscal Agent under said Fiscal Agency Agreement, as provided in said Notes as follows:

Notes in the principal amount of \$1,000,000 bearing the prefix A to be redeemed in whole.									
18	425	814	2382	3381	5812	4158	4883	5008	5898
19	426	815	2383	3382	5813	4159	4884	5009	5899
20	427	816	2384	3383	5814	4160	4885	5010	5900
21	428	817	2385	3384	5815	4161	4886	5011	5901
22	429	818	2386	3385	5816	4162	4887	5012	5902
23	430	819	2387	3386	5817	4163	4888	5013	5903
24	431	820	2388	3387	5818	4164	4889	5014	5904
25	432	821	2389	3388	5819	4165	4890	5015	5905
26	433	822	2390	3389	5820	4166	4891	5016	5906
27	434	823	2391	3390	5821	4167	4892	5017	5907
28	435	824	2392	3391	5822	4168	4893	5018	5908
29	436	825	2393	3392	5823	4169	4894	5019	5909
30	437	826	2394	3393	5824	4170	4895	5020	5910
31	438	827	2395	3394	5825	4171	4896	5021	5911
32	439	828	2396	3395	5826	4172	4897	5022	5912
33	440	829	2397	3396	5827	4173	4898	5023	5913
34	441	830	2398	3397	5828	4174	4899	5024	5914
35	442	831	2399	3398	5829	4175	4900	5025	5915
36	443	832	2400	3399	5830	4176	4901	5026	5916
37	444	833	2401	3400	5831	4177	4902	5027	5917
38	445	834	2402	3401	5832	4178	4903	5028	5918
39	446	835	2403	3402	5833	4179	4904	5029	5919
40	447	836	2404	3403	5834	4180	4905	5030	5920
41	448	837	2405	3404	5835	4181	4906	5031	5921
42	449	838	2406	3405	5836	4182	4907	5032	5922
43	450	839	2407	3406	5837	4183	4908	5033	5923
44	451	840	2408	3407	5838	4184	4909	5034	5924
45	452	841	2409	3408	5839	4185	4910	5035	5925
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47	454	843	2411	3410	5841	4187	4912	5037	5927
48	455	844	2412	3411	5842	4188	4913	5038	5928
49	456	845	2413	3412	5843	4189	4914	5039	5929
50	457	846	2414	3413	5844	4190	4915	5040	5930
51	458	847	2415	3414	5845	4191	4916	5041	5931
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89	496	885	2453	3452	5883	4229	4954	5079	5969
90	497	886	2454	3453	5884	4230	4955	5080	5970
91	498	887	2455	3454	5885	4231	4956	5081	5971
92	499	888	2456	3455	5886	4232	4957	5082	5972
93	500	889	2457	3456	5887	4233	4958	5083	5973
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97	504	893	2461	3460	5891	4237	4962	5087	5977
98	505	894	2462	3461	5892	4238	4963	5088	5978
99	506	895	2463	3462	5893	4239	4964	5089	5979
100	507	896	2464	3463	5894	4240	4965	5090	5980



# FT Monthly Survey of Business Opinion

The Financial Times Monday March 1 1976  
**EEC is best tariff say carpet maker**

BY OUR INDUSTRIAL STAFF

THE EUROPEAN Community has become Britain's principal market for carpet exports, according to figures released by the British Carpet Manufacturers' Association.

Against the general downward trend in carpet exports, business with the Community increased last year to £30.5m, compared with £28.9m the previous year. The principal growth areas were Elze, Denmark, France, West Germany and the Netherlands.

For the year as a whole exports dropped to £74m. from £84m. in 1974. Trade by volume also declined, from 36m. square metres to 28.3m. square metres. The Association draws some comfort from the figures which it says confirm the industry's optimism that export business has turned the corner and that increases in both value and

**'Cut mortgage rates'-MP**

A LABOUR MP yesterday on the Government building societies to make them reduce the mortgage rates.

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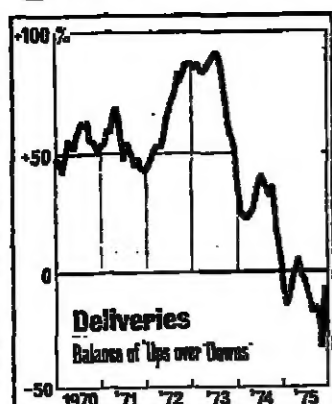
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## GENERAL OUTLOOK

### A more hopeful trend

INDUSTRY HAS become much more optimistic both about individual corporate prospects and about the state of the economy in general. Indeed, the all-industry indicator of business confidence has now reached its highest level since July, 1973, with just over half the total sample expressing increased optimism and only 8 per cent. taking the contrary view.

The improved note of confidence is however tinged with caution and it is not shared equally by all sectors of industry. Although all three sectors interviewed last month—mechanical engineering, chemicals/oils, and shipping/transport—were reporting an upturn in



Deliveries  
Balance of 'Ups over Downs'

orders, the chemical/oils sector were more inclined to expect the improvement to be concentrated in overseas markets rather than at home, some

engineering firms were basing their optimism on the belief that, though business had not actually improved as yet, it should do so soon, and in shipping and transport, where conditions were still generally depressed, improved confidence rested largely on the better world situation.

The different timing of recovery here and abroad is further underlined by the latest indicator for export prospects. Both engineering and the chemicals/oils sector were more inclined to expect an improvement in exports over the coming twelve months than when they were last interviewed in October and this has further improved our export indicator.

However, several companies in the oils/chemicals and shipping/transport sectors made the point that they expected the improvement in turnover to take place largely overseas. Engineering companies said that, because so much spare capacity was about, customers were inclined to delay placing orders until the last minute. The conditions in shipping and shipbuilding were still generally depressed. And the recovery, such as it was, in chemicals owed a good deal to the end of de-

stocking.

Compared with October, when this month's sectors were last interviewed, engineering and the chemicals/oils sector are more inclined to expect stocks to increase over the coming 12 months, though their views suggest that the re-building process may be modest.

Companies already complaining about one or other supply constraint. They may be marginal but they inject an ominous note. Among the shortages noted were production capacity, skilled factory staff, motors, castings, and diesel engines. Fears were also expressed about the possibility of millage management leaving for better-paid jobs as demand picks up.

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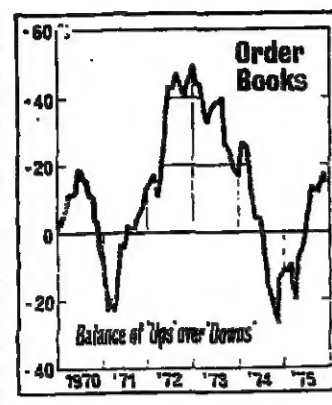
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## ORDERS AND OUTPUT

### On the turning point

THE LATEST indicators of orders and output suggest that the turning point in the economic cycle may have come. All three sectors interviewed last month were more inclined to report higher levels of new orders than when they were last sounded four months ago. Except in the chemicals/oils sector, the improvement was not sufficient to seep through to deliveries, but all three sectors were taking a more bullish view about production or turnover over the next 12 months and, as a result, the indicator of forward production/turnover ex-

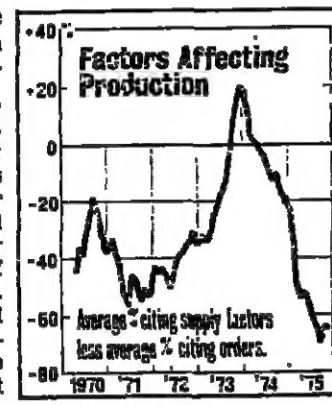


Order Books  
Balance of 'Ups over Downs'

## CAPACITY AND STOCKS

### Recovery setting in

FURTHER SIGNS of a possible change of trend can be seen in the latest indicators of capacity working, production factors, stocks, and forward purchases. In all three sectors covered last month the percentage of firms claiming to be operating at or above planned output levels had increased — although capacity utilisation generally was of course still at a very low level. The extent to which demand factors are dominating production schedules has also tended to level out in recent months, as the chart indicates. Even so, it is remarkable to see so many engineering com-



Factors Affecting Production  
Balance of 'Ups over Downs'

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## GENERAL BUSINESS SITUATION

Statistical Material Copyright Taylor Nelson Group Ltd.

GENERAL BUSINESS SITUATION			4 monthly moving total				February 1976	
Are you more or less optimistic about your company's prospects than you were four months ago?	Nov.-Feb. %	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	Eng'g. (non-elect.) %	Chemicals & Oils %	Shipping & Transport %	
More optimistic	52	41	36	31	70	96	22	
Neutral	40	47	45	42	19	4	68	
Less optimistic	8	12	19	27	11	—	—	









# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## PACKAGING

### Easier to open the pack

LESS CHANCE of spillage, of fragments of lid in the contents, of broken lids (or broken nails), or of fibre tear-off when the container is opened, has been achieved by the development of a special lid-sealing adhesive by Norbury Packaging, Elnore Road, Manchester M16 0NT (061-872 1211).

Applied to board or paper lids for pvc, polystyrene or foil containers for dairy products and convenience foods, the adhesive allows the lids to be heat-sealed in place, but is readily "peelable" when the container is opened.

The precision punched lids in high-quality board, with or without removal tabs, are stated to provide hygienic protection,

and to be pilfer- and puncture-proof. The board enables graphic designs to be reproduced by litho printing, cheap enough for small quantities to enable small users to heat-seal their products on site, with their own design on the lid.

The heat-sealing equipment, jointly recommended by Norbury Packaging and Packaging Automation, of Wimslow, ranges in cost, according to size and speed of operation, from £500 to £2,500. Easy peel lids are also a feature of the first Hoffinger and Karg TFA240 aseptic thermoforming machine to be commissioned in the U.K. Made in West Germany, it is in production at the Milk Marketing Board's Kendal creamery.

The machine will produce individual portion cream pots of

ultra high temperature sterilised (UHT) cream or milk at 18,000/hr., with a shelf life of six weeks. Main feature of the machine is that the container is formed, filled and sealed in totally sterile conditions—failure rate (unsterile contents) is stated to be 3 in 100,000.

Plastic for the container and preprinted foil/polyester laminate for the lid, are both reel fed. The pot has an easy snap-off tab to assist in peeling the lid, and a spout is shaped in the container lip. The lid is heat sealed. The containers currently hold 14 cc., but the machine can produce containers for quantities up to 500 cc. for other products.

It is marketed by Robert Bosch Packaging Machinery (U.K.), 163, Dukes Road, Acton, London W3 0SY (01-992 5084).

## INSTRUMENTS

### Assists in quality control

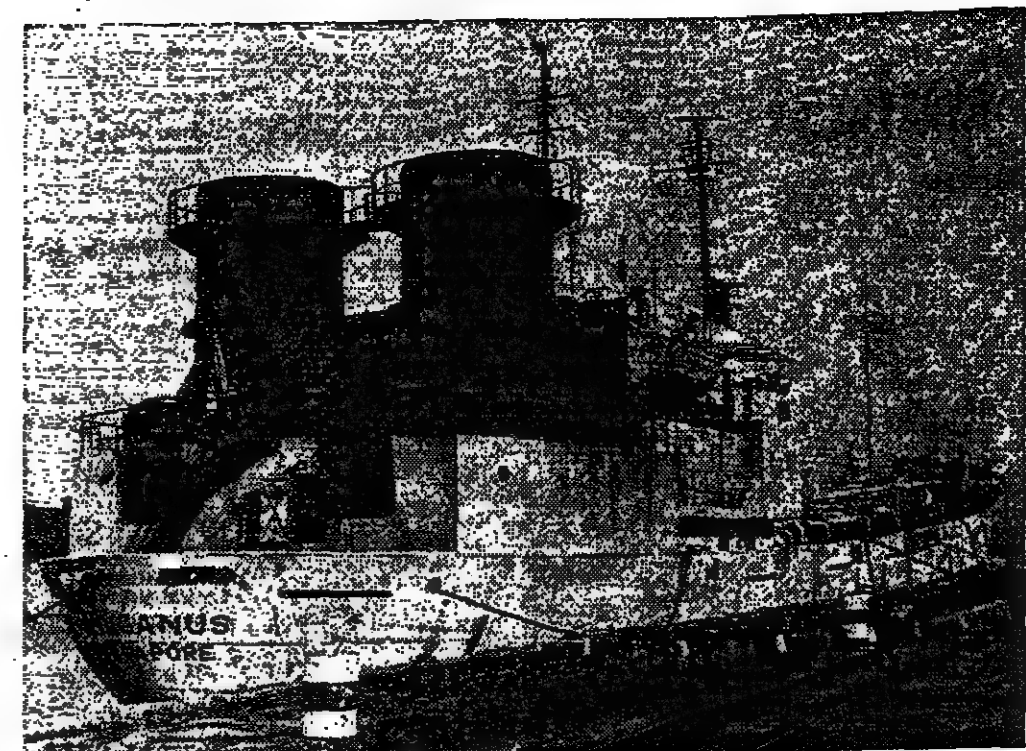
EQUIPMENT has been developed by MS Instruments as an aid to quality control personnel using sequential sampling techniques for batch inspection of mass-produced items.

It is a special purpose calculator for sampling as laid down in British Standard 6001, making a running calculation of the value of the expression  $H = \frac{h}{n} \times y$  where  $H$  is a preset reject level,  $h$  is the preset reject penalty and  $x$  and  $y$  are the number of reject and acceptable items respectively.

Values of  $H$  and  $h$ , which will vary according to the acceptable quality level in operation and are found from tables showing sequential sampling plans, are fed into the machine via thumb-wheel switches.

Following each accept ( $y$ ) or reject ( $x$ ) decision, entered either automatically or manually by push button, the expression is evaluated with the calculator seeking a result of either 2H for batch accept, or equal to or less than zero for batch reject. Audible indication of any decision reached is given.

The system costs between £350 and £500 and more details can be obtained from the company at Rowden Road, Beckenham, Kent BR3 4NA (01-650 7333).



This ship, owned by Ocean Combustion Services B.V., of Rotterdam, is designed to carry liquid toxic wastes out to sea and burn them in two specially constructed combustion chambers fitted on board. Gas or diesel oil is used to bring the combustion chambers up to the necessary temperature, usually 1,400 degrees C, with a maximum of 1,650 degrees C. Each chamber is fitted with three Saacke burners with rotating heads operating at 6,000 rpm and dealing with about 20 tons per hour between them. A normal shipload is about 4,000 tons. The Vulcans is equipped to deal with chlorinated hydrocarbons difficult and

expensive to dispose of on land due to their chloride content which cannot be released in heavy concentration since the fumes settle on the surrounding areas. By burning at sea the otherwise harmful fumes are deposited in the ocean, where the chloride is converted into hydrochloric acid, which the sea can absorb in considerable quantities without harm to marine life. Working under strict control from the Ministry of Agriculture, Food and Fisheries, the Vulcans operates when visiting Britain from Barry although as trade develops other ports will be considered. The U.K. agent is Export Project Services.

## DATA PROCESSING

### Penetrating local government

ACCORDING to a recent Computing Services Association survey there are 1,700 different programs in use in local government of which 290 are for payroll alone.

In addition states the survey, computer usage in local government is growing at only 17 per cent/annum, compared with 38 per cent in private industry.

But this apparent indictment of local government data processing policy was refuted in London last week by Hugh Screen of the Local Authorities Management Services Committee (LAMSC).

He claims that insufficient regard has been taken of the fact that local government has been re-organised. There were now 380 district councils, all with populations exceeding 60,000 (the level at which most mainframe makers hope to make a sale). Each geographical county would support seven or eight of these, and they would take a service, often on intelligent terminals, from the county mainframe.

Business for most CSA members said Screen, would not lie in the area of payroll and rates packages, because local govern-

## COMPONENTS

### Simplifies tee joints on pipes

AN INSTANT tee joint pipe outlet has been developed for compressed air, water, various chemicals and gases. It has a maximum working pressure of 300 psi at a temperature of 100 degrees C although tested to 600 psi. With a special seal temperatures of up to 200 degrees C are possible, it is claimed.

Called the Instant Tee, it can be fitted in minutes to new or existing pipework, eliminating cutting or dismantling.

The coupling consists of a split alloy ring with a Neoprene liner on both halves of the bore. Two socket screws clamp the ring to the pipe at any desired position. Both BSP and equivalent metric sizes are available from 1 inch to 2 inches with a single or double, male or female, outlet.

In certain circumstances it is possible to fit the Instant Tee to existing pipework by using a special drilling adaptor. It can be fitted to most pipes, such as iron, copper and plastics.

The joint is made by Applied Pneumatics, Charlton Road Lane, Hoddeston, Herts, EN11 0EX (09924 60411).

## PRINTING

### Fast auto screen printer

NOVEL screen process equipment by Excel Screen Process Supplies, Southall, Middlesex has gone into production.

Excelprint can be adapted to suit two alternative operating functions. The basic machine is a compact semi-automatic bench-top flat printer with a maximum cycle speed of 2,100 per hour (on automatic) subject to length of stroke. Automatic cycle is

## PRODUCTS

### Air for all purposes

SPECIALISTS in air compression since the early 1920s, mainly for vehicle braking systems, the Clayton Dewandre Group last year set up Clayton Dewandre Industrial Products to exploit the industrial market, and the new subsidiary has recently announced ranges of both rotary vane and piston compressors.

Rationale behind the ranges is that quite frequently industrial users have to purchase compressors which are far from a perfect match to the application. The CDI range contains about

180 models with displacements from five to 150 cubic feet/min. There are 140 different reciprocating units allowing a match to be made to the application which, states the company, can often halve traditional running costs. Covering outputs from 5.75 to 66.25 cubic feet/min, the units have automatic economy throttle on petrol and diesel powered versions; engine rpm is reduced to tick-over during id demand, saving fuel, reducing wear and cutting down noise. The smallest unit costs £240.

Maximum print stroke of the Excelprint is 300 mm long x 150 mm deep, which is appreciably greater than most comparable machines. In addition the all-round accessibility of the print bed allows for large over-hanging work pieces protruding from the sides or back of the machine to be loaded and printed with ease.

The Excelprint will accept work pieces up to 180 mm in thickness allowing accurate screen printing of such items as 5 litre square cans, boxes, containers and covers in plastic, metal or wood. As well as rectangular containers the

machine will also print flat stock such as paper, card, fabric, plastic sheet and printed circuit boards. Pneumatically operated (a valuable safety factor in hazardous areas) the unit is complete with filter and lubricator system, starts on 01-974 5382.

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## ELECTRONIC

### Assessment of circuits

A PRODUCTION test by examining all logic gates, random-access memory, been put on the market. Instrumentation, Turpin High Wycombe, Bucks. #46671.

Each time, it is claimed typically reduced from ten times to a second, increasing throughput from ten times while guaranteeing test results plus guard bands and feedback. A high-speed microprocessor is used in the testing and provides logging of critical parameters at 10 MHz rate. This, with two test heads, is quelling time (dead time) being reduced to a minimum.

The machine, called data MD-104M, is field able with up to eight test heads each with two test stations. Control of a supermini CROM.

## CONTRACTS AND TENDERS

### LA GENERALE DES CARRIERES ET DES MINES SOCIETE D'ETAT B.P. 450 LUBUMBASHI ZAIRE

### APPEL D'OFFRE INTERNATIONAL DE PREQUALIFICATION

La Générale des Carrières et des Mines (GECAMINES) envisage d'augmenter de 100.000 tonnes sa production de cuivre. A cet effet, elle construira, entre autres, dans son siège de Lubumbashi, une nouvelle usine pyrometallurgique du type FLASH SMELTING.

Pour le financement partiel de cette installation, la Gecamines a obtenu un prêt:

- \* De la Banque Internationale pour la Reconstruction et le Développement.
- \* De la Lybian Arab Foreign Bank.
- \* De la Banque Européenne d'Investissement.

Le présent avis tend à provoquer des demandes de préqualification pour la fourniture d'équipements dont l'achat sera couvert par les deux premières banques citées ci-dessus, à savoir la BIRD et la IAFB. Il s'agit des équipements suivants:

- Des ascenseurs.
- Des tuyauteries pour gaz et liquides avec vannes et autres accessoires, y compris l'isolation.
- Des charpentes métalliques de bâtiment.

Les fournisseurs qui désirent être préqualifiés pour recevoir des demandes d'offre pour un ou plusieurs de ces équipements sont priés de soumettre leur demande en duplicata, avant le 1er avril 1976, à l'adresse suivante:

DAVY POWERGAS LTD, 8 Baker Street, LONDON W1M 1DA, Angleterre. (référence Contrat 1447)

Cette firme a été, en effet, chargée par GECAMINES de l'étude et de l'approvisionnement des équipements. Les demandes en français ou en anglais, d'après la langue

choisie pour la correspondance ultérieure, seront accompagnées des documents suivants:

- liste des équipements qui pourraient être offerts, catalogues techniques ou informations techniques générales, concernant le matériel offert,
- délais demandés pour l'introduction des offres, pour la fourniture des plans après commandes, pour la fabrication,
- liste d'installations (lieu et date de mise en service) où des équipements analogues du fournisseur sont en service,
- liste des composants qui ne sont pas fabriqués par le fournisseur,
- existence éventuelle d'un service après vente et disponibilité de pièces de rechange au Zaïre,
- capacité de production, charge actuelle et prévue pour 1976 en pourcentage de la capacité donnée, rapport annuel de dernier exercice et effectif en agents de l'entreprise.

Gecamines se réserve le droit de faire vérifier les déclarations et de rejeter toute demande de préqualification sans donner les raisons. Les fournisseurs retenus seront informés en recevant une demande d'offre.

Les candidats soumissionnaires retenus comme qualifiés en seront informés. Ils pourront être invités lors de la soumission, à verser un dépôt nominal, qui leur sera remboursé lors de la remise d'une offre en bonne et due forme.

**Davy Powergas**

## IBAR-LEPENAC PROJECT

### YUGOSLAVIA

Ibar-Lepenac Enterprise calls for International competitive bidding for manufacture, delivery and erection of the electrical equipment for the structures of Ibar Project:

#### TENDER DOCUMENTS No. 8

#### SUPPLY OF BESINJE AND HAMIDUA

#### PUMP STATIONS WITH ELECTRIC ENERGY

The tenders for the above items are open only to manufacturers in member countries of the International Bank for Reconstruction and Development and Switzerland.

Tender documents may be obtained from:

Ibar-Lepenac Enterprise

Pristina, Lenjinova Street 13, Yugoslavia

from March 1, 1976 against down-payment of unreturnable \$US50.

Tender documents shall be supplied in two complete sets, which is covered by above said down-payment.

Tenderers shall deposit payment to

Account No. 684-00-620/58-32000-72

at Kosovo Bank, Pristina, marked "for Ibar-Lepenac."

Tenders shall be submitted not later than April 16, 1976

Further information may be obtained from:

Ibar-Lepenac Enterprise

or at

Ennergoprojekt, Engineering and Consulting Co.

Zelen venac street No. 18

Belgrade, Yugoslavia

### Republic of the Philippines NATIONAL POWER CORPORATION

#### Manila

#### INVITATION FOR BIDS

SEALED BIDS, in quadruplicate, plainly marked "BID FOR FURNISHING AND DELIVERING SUBSTATION EQUIPMENT AND POWER TRANSFORMER FOR BECKEL SUBSTATION, LUZON ELECTRIFICATION PROJECT, LUZON, PHILIPPINES," will be received at the office of the National Power Corporation, 161 Bonifacio Drive, Port Area, Manila, Philippines, until 10:00 o'clock a.m. on 25 May 1976, and then publicly opened.

Plans and Specifications ("SP 75 DDE-296") in three (3) volumes, including four (4) copies of the Bidding Form and four (4) copies of the CONFIDENTIAL STATEMENT FOR DETERMINING THE BIDDER'S RESPONSIBILITY, are available for issue at the office of the National Power Corporation to prospective bidders who have complied with the requirements set forth by the National Power Corporation. A prospective bidder may be issued plans and specifications upon application and payment of FIFTY FIVE PESOS (P55.00).

For the information and guidance of those concerned, the National Power Corporation proposes to utilize a portion of the proceeds of the credit and/or loan from the International Development Association (IDA) and the International Bank for Reconstruction and Development (IBRD), respectively, for payment of foreign currency cost under the contract for which the bidding will be held. Participation will thus be limited to contractors from the Philippines, member countries of IBRD, and Switzerland.

Address all communication to "The General Manager, National Power Corporation, 161 Bonifacio Drive, Port Area, Manila, Philippines."

C. D. DEL ROSARIO,

General Manager

## INTERVENTION BOARD FOR AGRICULTURAL PRODUCE

### INVITATION TO TENDER FOOD AID

Tenders are invited for the supply of 50,400 metric tons of wheat (wheat other than durum) in bulk and delivery F.A.S. EEC port or ports to be specified in the tender forms. Consignment is destined as national food aid for India.

The allowance for the supply of the grain and transportation will be determined on examination of the tenders. Delivery embodied in a notice of invitation to tender, together with tendering forms, may be obtained from Branch B, Internal M Division, Intervention Board for Agricultural Produce, 2 West Reading (Tel: 0734-583626).

Tenders should be submitted by 12 noon on Wednesday 10 March 1976 HOME-GROWN CEREALS AUTHORITY, HANLYN HOUSE, HIGHGATE HILL, LONDON N19 5PR.

## SYRIAN ARAB REPUBLIC

### GENERAL ORGANISATION OF THE EMPLOYERS DAN AL-TAWWA - S.A.E.

Date: 19th March 1976

CALL FOR TENDERS FOR SEALING OF ALUMINIUM

Superior Dan Calls for Sealed-Cover Tenders for the delivery and erection only of the following items:

(200mm) two thousand six hundred (2600) square meters of sealant of type 1000-1000-1000 in white color with all different parts and frames necessary required to be erected in the building of the Hydroelectric Station at the town of Al-Tawwa.

Those who are interested shall submit their tenders to any of the two centres of the Organisation in Damascus - Adana

## Al-Tawwa, or in Aleppo - (Al-Tawwa)

by registered mail to the General

Director in Tawwa town.

A 3% bid security, the value of which shall be enclosed with each

offer shall be enclosed with each

offer. The offer shall be valid for

thirty (30) days from the date of

the tender. The offer shall be the

only one. The offer shall be submitted

in duplicate. The offer shall be

submitted to the General Director

of the Organisation in Damascus - Adana

## COMPANY NOTICES

**540,000,000 YIZCAYA INTERNATIONAL N.V.**  
GUARANTEED FLOATING RATE  
NOTICE IS HEREBY GIVEN that the rate of interest on the 540,000,000 YIZCAYA INTERNATIONAL N.V. bonds, which were issued on 1st March 1976 at the rate of 6 1/2 per cent per annum, is fixed at 6 1/2 per cent per annum from 1st March 1976.

## CRANE TRUKHAUS LIMITED

7th Debenture Stock 1986/91

NOTICE IS HEREBY GIVEN that the Transfer Books of the above Stock will be closed from the 15th to 19th March 1976, both dates inclusive.

By Order of the Board,  
REGGIE, PICKERING & COMPANY, Registrars.

23 Bedford Row, London WC1R 4EJ.

## NEPHERIA CERAMIC HOLDINGS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books for the 10.64% Debenture Stock, 92.97 of the above named Company will be closed on the 15th and 17th March 1976, for the presentation of Interest Warrants.

J. BIRTHWISTLE, Secretary.

Greenwich House, Southend, SSO 3FS.

## PLANT AND MACHINERY

### WORN GAUGES ARE VALUABLE

Unique "Gauge Exchange" and reclamation service for plain gauge

TOOLMASTER ENGINEERING CO. LTD.

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إتداتو المصنوع





# Building and Civil Engineering

## £140m. Red Sea port expansion

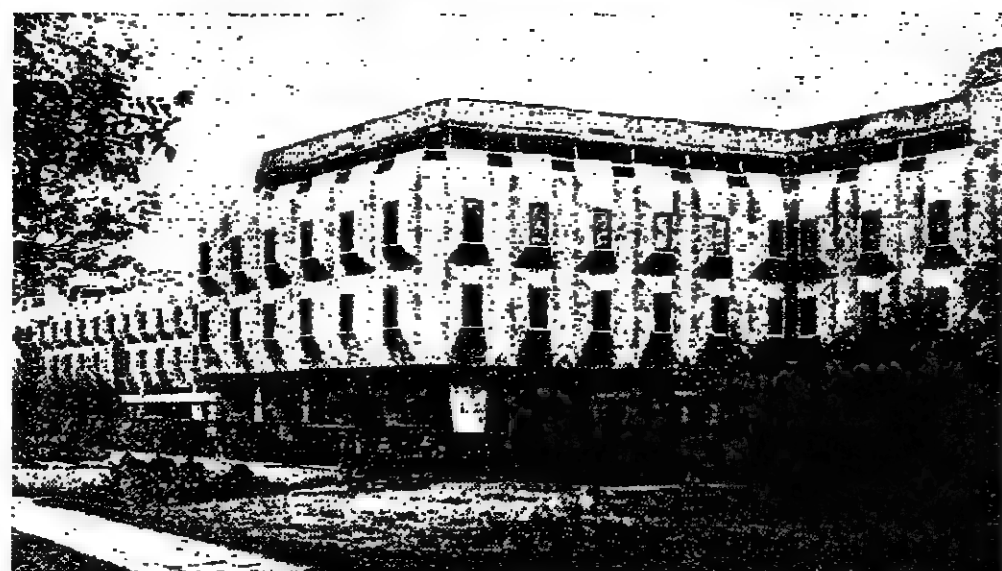
THE MINISTRY of Communications of the Government of the Kingdom of Saudi Arabia has appointed Sir William Halcrow and Partners to be consulting engineers for the expansion of the small Red Sea port of Yanbu. The project is estimated to cost £140m. and entails the design and supervision of construction of seven deepwater berths for which the Ministry has entered into a negotiated contract with Dico, a Saudi Arabian contracting organisation formed in consortium with the Greek contractor Archirodon S.A. of Athens. Completion is aimed for the end of 1978.

The Port of Yanbu currently caters for small trading vessels although it is one of the ports of entry for pilgrims bound for nearby Medina. Its expansion into a major port designed, at this stage, for general commercial cargo, is consistent with the proposals for the development of a long-term industrial development and formed part of the detailed study leading to incorporation of the resulting recommendations into Saudi Arabia's Five Year Plan.

Ultimately, it is envisaged that Yanbu will also offer industrial and enlarged commercial facilities, while continuing to cater for some elements of the pilgrimage traffic.

This latest commission means that Halcrow is now directly responsible in Saudi Arabia for capital works of the order of £2,000m. A considerable proportion of this sum is accounted for by the industrial port of Jubail in the Kingdom's Eastern Province, where tenders currently under consideration will, when awarded, cover the construction of facilities to support the entire industrial development of the area.

Tenders are also being examined and should, it is expected, be very shortly awarded for the fourth stage in the development of the major Red Sea Port of Jeddah. Here a further 22 berths are to be constructed by mid-1979, when the port's capacity will have been effectively doubled.



The 15m. extensions to Sheffield Town Hall, which have been designed to achieve high long-term energy savings. The building has been insulated by cladding internal walls and top-floor concrete ceilings with Styrofoam IB extruded polystyrene foam boards, manufactured by Dew Chemical. Main contractor is Gleasons (Sheffield). When

completed the building will provide office accommodation for 1,500 staff in open plan style, a rates and rents hall, computer room, kitchen and restaurant, plant and generator rooms and basement/mezzanine parking for 400 cars. A footbridge at first-floor level will link the new accommodation with the existing town hall.

also included in the contract and the overall works are due to be completed at the end of 1979. The dwellings will be contained in two- and three-storey blocks, with load-bearing brickwork, strip foundations, in situ floor slabs and pitched roofs.

## Two awards to Minter

A £1m. contract for "Bashings" at the new Heathrow Central station on London Underground's Piccadilly line has been awarded to F. G. Minter by London Transport.

The company has also won a £296,496 contract for the first stage of modernising Farnham Court flats, Brixton, London, for Lambeth Council. Built in the 1920s, the refurbished flats will include a lift and work is expected to be completed early next year.

In Nigeria, Minter is providing senior site staff under a technical services agreement to manage the building of installations for the international airport now under construction at Port Harcourt.

The main contract for the job is between Vicco Engineering of Lagos and the aviation division of Nigeria's Federal Ministry of Transport. Architects and engineers are the Netherlands Airport Consultants of The Hague.

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The present facility, constructed in 1964 to the design of Rendel, Palmer and Triton, was severely damaged in February 1974, when a tanker collided with the head of the jetty. Temporary repairs were completed by early June 1974, under the firm's supervision, enabling continued use of the jetty.

The new jetty will provide an outer berth designed to accommodate tankers of up to 32,000 dwt and an inner berth for coasting tankers and river barges only.

Comprehensive Engineering Consultants of Lagos, are associated with Rendel, Palmer and Triton in this project.

The contract involves construction of 26 blocks of houses, maisonettes and flats (482 dwellings in all), as well as garaging, refuse collection areas, a sunken built-up area and a community facilities hall.

External landscaping, play areas and public utilities are

needs no complicated mixing on site and can be applied with a long-handled roller. It does not set off when laid but dries with a matt, "orange peel" surface which is easy to clean. Grip is improved by incorporation in the base resin of a balanced non-skid grit which not only provides extra grip when the surface is wet but as the floor wears, continually exposes a non-slip finish.

Armourglaze Non-Skid is a two-pack product and is packaged in 7 kg. (15 lb.) units, available in red, green, brown, black, and grey. Coverage, in two coats, is about 1 kg/sq. metre, giving a film 0.5 mm thick.

The Turbopump is employed for both Turbopump and Turbopump is stated to offer high efficiency, low starting torque, low load running and constant flow characteristics. Absence of valves and priming problems are further benefits.

When the prime mover is stopped, the turbine reverses flow under gravity and the back wash clears the intake screen, a useful feature in debris-laden water. Speed ranges of the Turbopump series is from 2,200 to 4,800 rpm, and for the Turbopump from 3,500 to 2,900 rpm.

There is a range of standardised drives, suitable for electric motors or diesel engines. Turbopump absorbed power ranges from 2.8 to 44 kW, and the Turbopump series from 2 to 180 kW. Turbopump prices for complete installations (including prime mover) range from £1,500 to £15,000 and for Turbopump from £30,000 to £1m. The latter is the approximate figure for an installation comprising six 36 inch diameter pumps, for which the company is currently tendering.

It is protecting a floating pedestrian bridge which also carries a pipeline to feed concrete to the Brent and A166 under construction site at Ardye Point in Scotland.

For speed of construction timber was used for the breakwater, which covers an area of 35 by 18 metres and is sited to protect the most exposed spans of the bridge. The company considers that pre-stressed concrete is the best material and normally would use this.

Designed to withstand wave heights up to two metres, the breakwater provides a horizontal rather than a vertical barrier to wave motion. It interrupts the vertical movement of water and causes the waves to dissipate their energy on it and leave an area of quiet water behind.

Breakwaters are designed individually for particular applications and very large versions.

in BRE Digest 127 are now too vague. With the introduction of the new Type Relation Regulation, it was essential to adopt a more precise system of building assessment, which would enable local authority building control officers to apply a uniform standard. The system goes further and is simpler to operate than the new "Driving rain" index.

Although originally produced for ICI's own technical team, it has been submitted to the BRE and the Agreement Board for consideration and wider application.

ICI Insulation Service has been using the system for the past four months. It works by establishing the general exposure index from Digest 127, and

applying adjustments for local shelter and topography, size of building and materials in the outer wall.

For example, a two-storey building of fairface brickwork, several streets from the sea front in Worthing, Sussex, after taking account of the driving rain index for the area, classifies the wall as being of high degree of local protection, has a final index reading of 2. That is, a sheltered situation suitable for cavity wall insulation.

The ICI system is being considered by the BRE and Agreement Board and is expected to play a significant part in the formulation of the new guidelines for architects, builders and planners which are due to be issued shortly.

ICI on 01-594 4444

comparable with conventional housing—the design is stated to be acceptable for building society mortgages.

The unit is air conditioned, providing a controlled environment. Internal pressure is slightly above ambient, with four air changes an hour. The heat exchanger used is a 5,400 btu unit compared with a 94,000 btu unit boiler required for a 1,800 square foot house.

Designs are available for dwellings ranging from 800 to 2,000 square feet, and the designers estimate that with factory made units at a rate of about 200 to 300 a year the price should be reduced by 20 per cent, down to £15 square feet.

The Partnership is looking for financial backing to commence factory production—they have been advised to seek it in West Germany where industry appears to be more receptive to developments in building.

**IN BRIEF**

- The Property Services Agency of the Department of the Environment has awarded a £99,000 contract to George Wimpey for a boat repair workshop, the drill yard at Portsmouth, with an attached two-storey office block. Work will start to-day.
- Walter Lawrence and Son has been awarded a £57,000 contract by the Swedish Chamber of Commerce for a suite of offices in Wimpsey Street, London W1.
- Costain Construction has won a contract valued at £246,521 to build a "Naval Provost Marshal and Command Control Establishment" at HMS Drake, Plymouth for the Department of the Environment.

## Piping away household refuse

DUSTMEN could become "refuse technologists" and the familiar dust cart be replaced by a sealed container truck, if a waste collection system now under investigation at the Building Research Establishment, Garston, Herts., is adopted by local councils.

Basically the system consists of a pipe network through which rubbish is sucked to a central disposal point. This is not a new idea, there are installations in Sweden, and a version based on the Swedish approach is under assessment at Lisson Green, Westminster, London. Here the system serves some 1,500 dwellings in medium rise blocks, using 500 to 600 mm diameter pipe.

BRE has developed a system that uses much smaller pipes—150 to 200 mm diameter. This has been made possible by pulverising the refuse before it enters the pipeline.

Reducing the size of the pipes keeps the cost of the pipe network and the central plant room and its equipment to a minimum. A full-scale test rig has been built at Garston for studies of the fluid dynamics of pneumatic transport of refuse particles and to develop special equipment that would be needed in a practical installation.

The rig uses a 130 metre loop of 150 mm plastic pipe—in practice steel or concrete would be used—through which refuse particles, shavings, and rags are similar to those that would be used in practice, and design data is being collected. A Roto-blower is used to provide suction, shifting the air in the pipes at about 25 metres/second.

A contra-rotating disc should be used to pulverize the refuse (including bottles and cans) until it will pass a 25 mm mesh screen. Straight pipe runs are preferable, vertical or horizontal.

When the prime mover is stopped, the turbine reverses flow under gravity and the back wash clears the intake screen, a useful feature in debris-laden water. Speed ranges of the Turbopump series is from 2,200 to 4,800 rpm, and for the Turbopump from 3,500 to 2,900 rpm.

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which can be used in the open areas planned. A further development could be the combination of a floating breakwater with a single point mooring to provide a sheltered, sheltered area and the business.

Other countries, notably the U.S. and Japan, are now starting research, but Floating Breakwaters reckons it has got a five-year lead.

Cost of the newly developed breakwaters varies with the application and size. A small one would cost about £200 for every metre of length, but the company emphasises this is a rule of thumb calculation.

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# A yen for success in Japanese politics

From CHARLES SMITH, Far East Editor, Tokyo, Feb. 29

TOKYO Press has been craft purchasing decisions are being made. Japan is not only the second largest in the Lockheed story, the third and most important is the nature of Japanese politics itself. The conservative political establishment in Japan consists of an intensely competitive network of factions, each supporting an aspirant for party leadership, which could not function without money and which in practice absorbs tens of billions of yen a year of political contributions from business and other sources. The big faction leaders of the Liberal Democratic Party, men like Mr. Kakuei Tanaka, the former Prime Minister, Mr. Yasuhiro Nakasone, the present Secretary General of the Party, or Mr. Takeo Fukuda, the deputy Prime Minister, could none of them have got where they are today without cash. And that almost certainly includes the cash of people like Mr. Kodama as well as the more openly acknowledged contributions to conservative politicians made by Japanese big business.

**Different**  
In particular, the Lockheed story in Japan would look very different without the man whom the American company chose as its lobbyist and who in the last 40 years has been involved in various kinds of backstairs dealings. The man in question is Mr. Yoshio Kodama who, according to the Lockheed testimony to the Senate hearings in the U.S., was paid more than \$7m. by Lockheed to promote aircraft sales between 1959 and 1974. Mr. Kodama, who according to his doctors has been critically ill since the start of the Lockheed revelations, has a shadowy past and an almost equally shadowy present. His name crops up as a successful arms procurement agent in China during the war and as one of the men who provided the lion's public life is that funds to put Japan's first Liberal Democratic Prime Minister into power afterwards, and in the story of which one need be particularly fascinated is that acknowledged agency for Japan to come under intense political pressure in Washington whenever the

behind-the-scenes manoeuvring which he represents is the second strand in the Lockheed story, the third and most important is the nature of Japanese politics itself. The conservative political establishment in Japan consists of an intensely competitive network of factions, each supporting an aspirant for party leadership, which could not function without money and which in practice absorbs tens of billions of yen a year of political contributions from business and other sources. The big faction leaders of the Liberal Democratic Party, men like Mr. Kakuei Tanaka, the former Prime Minister, Mr. Yasuhiro Nakasone, the present Secretary General of the Party, or Mr. Takeo Fukuda, the deputy Prime Minister, could none of them have got where they are today without cash. And that almost certainly includes the cash of people like Mr. Kodama as well as the more openly acknowledged contributions to conservative politicians made by Japanese big business. The upshot of this situation is that money paid by Lockheed to Mr. Kodama to promote aircraft sales may have found its way into the political coffers of some of the main LDP factions and possibly also into the funds of the opposition, since Mr. Kodama is known to have distributed his favours widely. The one man who is certain not to figure in any Lockheed revelations is Mr. Takeo Miki, Japan's present Prime Minister. Mr. Miki has built a political career over more than 30 years by painstakingly cultivating an image of incorruptibility and now holds power largely because his wealthy rivals have cancelled each other out. The prospect that mud from the Lockheed scandal may end by fouling the Japanese system



Said to have been ill since the Lockheed affair broke, Mr. Yoshio Kodama, the key Japanese figure in the pay-off scandal, was taken to hospital last Friday.

spent up to ¥300m. each to get elected while those spending ¥200m. or below failed. The LDP's money electioneering tactics proved self-defeating in the end because the Party failed to win more than 50 per cent. of the Upper House seats. But even though the whole country seemed to have declared its abhorrence for "money politics" by the end of 1974, the system has been creeping back into favour in the past few months. The old system whereby industries made political contributions to the Party in return for, or at least at the same time as they receive favours from the Government, also seems to have regained its former popularity. The renewal of bank credit lines to the ruling party last autumn came at almost the same time as the Government submitted to long-standing pressures from the banking community for a lowering of interest rates on deposits. More recently private railway companies made a generous donation to Party funds at just about the same time as they were granted official permission to increase fares. The stepping up of political contributions to the LDP in the second half of last year (after an extremely sharp fall in the Party's income a year or so earlier) could be seen as a rush by various interests to beat the deadline for controlling political contributions through the introduction of a new law which came into force at the beginning of 1975. The law, pioneered by Mr. Miki as part of a programme for cleansing the political system and breaking the links between politicians and business, sets a maximum of ¥100m. for the annual political contributions of individual companies.

Optimists see this as an encouraging departure from the old system of unlimited and largely undeclared political contributions, but there is another aspect to the political funding situation which is a good deal less reassuring. This is the formidable political comeback which has recently been staged within the LDP by the man who virtually invented money-politics in its present form—ex-Prime Minister Mr. Kakuei Tanaka. Mr. Tanaka has remained almost totally silent since he left office under a cloud of suspicion about his business activities at the end of 1974. He has made statements only through his secretary in reply to allegations of involvement in the Lockheed scandal. All observers of LDP affairs in the past few months, however, agree that his faction has been collecting and spending far more money than any of the other major groups in the Party. It is against this background that the word started to circulate late last year that Mr. Tanaka himself might yet have a considerable future. Before the Lockheed scandal burst on Japan some of the men who make up the *zaibai* or ruling élite of the Japanese business world were suggesting that Mr. Tanaka might return to office as next Prime Minister but one, following the retirement some time in the next year or two of the amiable but weak Mr. Miki and what they assumed might be a brief interlude in power by the able but elderly Mr. Fukuda. It is doubtful whether to-day either the *zaibai* or anyone else would be rash enough to bet heavily on his chances. The prospect of a check to the careers of Mr. Tanaka and other LDP leaders represents the long term fallout from the Lockheed crisis. The long term implication is that the Liberal Democratic Party, and perhaps some of the opposition parties as well, may have to think very seriously indeed about the relationship between money and power in Japanese politics. It is hard to imagine that anyone, for the next year or two, will be able to climb the power pyramid of the LDP simply by collecting and handing out larger amounts of cash than his rivals.

in hotels and real-estate, is a close associate. The Tanaka faction, which is already the largest in the two Houses of the Japanese Diet (its strength in the Lower House alone is slightly smaller than that of the faction headed by the Deputy Prime Minister Mr. Takeo Fukuda) has acquired three new members since its leader fell from power. This is something which is said to have been achieved by no other retired party leader since the war. It is against this background that the word started to circulate late last year that Mr. Tanaka himself might yet have a considerable future. Before the Lockheed scandal burst on Japan some of the men who make up the *zaibai* or ruling élite of the Japanese business world were suggesting that Mr. Tanaka might return to office as next Prime Minister but one, following the retirement some time in the next year or two of the amiable but weak Mr. Miki and what they assumed might be a brief interlude in power by the able but elderly Mr. Fukuda. It is doubtful whether to-day either the *zaibai* or anyone else would be rash enough to bet heavily on his chances. The prospect of a check to the careers of Mr. Tanaka and other LDP leaders represents the long term fallout from the Lockheed crisis. The long term implication is that the Liberal Democratic Party, and perhaps some of the opposition parties as well, may have to think very seriously indeed about the relationship between money and power in Japanese politics. It is hard to imagine that anyone, for the next year or two, will be able to climb the power pyramid of the LDP simply by collecting and handing out larger amounts of cash than his rivals.

## Spending

A minimum of ¥100m. is rumoured to have been handed out to each of Mr. Tanaka's followers in the two houses of the Diet as "advance expenses" for the general elections, under the constitution, are due before the end of this year. Total spending by the Tanaka faction from last summer to the beginning of this year is put by some sources at around some ¥10bn., which is roughly twice as much as the declared funds of the LDP's central fund raising organisation during the first six months of 1975. Mr. Tanaka's income sources naturally are not known, but what is known is that Mr. Kenji Osano, a self-made multi-billionaire businessman with interests

## Letters to the Editor

### Profits and employees

From Mr. F. N. Robinson.  
Sir—How naive must be those executives, to whom John Treadwell makes reference (February 5) if they are startled and alarmed by their belated discovery that the word "profit" is not the only word which can be used to describe the company's profitability. Not only have generation after generation of workers been subjected to a barrage of propaganda vilifying the very concept of profitability, but during the past 30 years, regardless as to whether industry was making substantial profits, inadequate profits or losing money, governments have aided industry with administrative expenses and, either directly or through the nationalised industries, made mass wage and salary increases basic right—a concept, which its shame, the private sector has accepted. The pernicious doctrine that a consumer or taxpayer would pick up the bill has taken deep root in our economic thinking that the idea of its being better to be employed and earn half a loaf than to be unemployed has been banished from the winds. Future historians may differ to the degree of blame to be ascribed to power-seeking politicians, weak management and the union leaders, but they will have no difficulty in identifying our present economic morass as being due to failure of the nation to live within its means and indifference to profits both as a measure of efficiency and the cornerstone of prosperity. They will marvel that our undisciplined educational systems do not even incorporate teaching the simple economic facts of

### Bias against small firms

From Mr. D. P. Bridgehouse.  
Sir—The British Left, especially in Europe, has an emotional bias against the family firm; one sometimes has the feeling that those sincere but misguided people are still paying off scores against the iron-masters and landlords of the 1890s. Economic reality is something different. British industry is the most fossilised in Europe, and I suggest that this is so, precisely because the "1,000 leading companies" are quite often as bureaucratic as the worst management in Whitehall. Management is stifled; senior management is often tired; first-class ideas, which very often come from very young men, are submitted to the sub-committee of the projects committee of the Board, which takes no action. Worker participation becomes yet another bureaucratic exercise. In the highly dynamic economies of the Continent, small and medium size, unquoted family firms are responsible for some two-thirds of turnover. The great firms are just as bureaucratic as the 1,000 in U.K., but these firms do not dominate any but some capital intensive industries. The question is not just the inherited firm, but the new firm. No bright executive in his right mind will leave ICI to set up on his own. Many immensely creative people are simply stifled because they have no wish to ruin their family lives by the agonies of setting up shop, and within a year, commencing battle with the surtax authorities. Equally, young skilled workers prefer small firms, where they can be found. There is vast Continental experience of the fact that the family business, and the new business are not only creative, but human. If everyone knows the "governor" personally, his virtues become apparent, his faults less exaggerated, and his wealth much less an object of envy. The Continental Left is not against the small firm, and there has never been any crusade to "crucify the rich" in the context of predominantly small firms; everybody knows that the governor is taking risks, providing jobs, and his fortune is not the state's, like everyone else's. There is, moreover, an utterly

### The ugliness of 'the Beeb'

From the Managing Director, Flax Tubes Ltd.  
Sir—Your television correspondent's selection of programmes for review and his balance of criticism or praise are always civilised and frequently extremely perceptive. His endorsement of the BBC's intention to "set a high standard of spoken English" in news presentation will be shared by the majority of your readers. It is to be regretted that he then descends to the corporation's own lax standards by referring to it as "the Beeb," surely one of the ugliest and least attractive contractions so far devised. T. M. Barclay, Eslopier Works, Croydon, Surrey.

### Useful time in a train

From Mr. Philip Giles.  
Sir—I was sorry to see Mr. Scott (February 26) perpetuating the fiction that air gains a considerable time advantage on business travel to Scotland. This is only true for those who are unable to take any work with them. Almost all the time spent in air travel is wasted time but in a train the motion is smooth enough to enable one to write reports as well as read them, and all without the constant telephone interruptions which are the bane of the office. As a result the bulk of the time in

### Showing up the UN

From Mr. W. Richardson.  
Sir—The note by "Observer" (February 26) on the strike by United Nations staff at Geneva raises an interesting point. If one searches for a strike which is likely to cause the least inconvenience to the public at large, it would be hard to beat this one. Paradoxically, this may prove to be the strongest weapon that the strikers possess, since the United Nations can hardly let the stoppage go on indefinitely, thus showing the world that life can go on just as well without it. W. Richardson, Orley Farm Road, Harrow, Middx.

### Added value forecasting

From the Director of the Centre for Innovation and Productivity, Sheffield Polytechnic.  
Sir—Having long advocated the use of added value I read with great interest David Fisklock's article (February 26) on Dr. Frank Jones's presentation. Indeed, using the 1970 Census of Productive data, forecast in your columns (Executive's World, May 1972) that the motor vehicle industry would be the next lame duck, so I can support Dr. Jones's plea that more attention be paid to added value figures. However, I would counsel caution in simply investing in industries with high rates of added value per employee. Our analysis of the Census data from 1965 to 1973 shows that, in some sectors, quite modest investment has been associated with substantial increases in manpower productivity whereas, in other sectors, massive investment has not paid off. A vital factor, as Dr. Jones stresses, is the proportion of added value that goes to employees. (In too many sectors, the wage bill has risen faster than productivity.) Moreover, the critical ratio varies from industry to industry. Dr. Jones's figure of 65 per cent. may be adequate in clothing and other labour intensive trades, but a figure as low as 40 per cent. may be much too high in Chemicals and other capital intensive industries. Fortunately, there are signs that more companies are becoming aware of the virtues of the added value concept. Some are using it for monitoring company performance and manpower productivity; others are using it for information disclosure and employee participation; some have even based their wage and salary policy on added value. Let us hope that more will follow the recommendations of the Accounting Standards Committee to produce added value statements for employees and shareholders. Added value is no panacea, but it provides a commonsense basis for co-operation in creating and sharing wealth. E. C. Wood, Halfords House, 16 Fitzalan Square, Sheffield.

## To-day's Events

- EEC Foreign Ministers begin two-day meeting, Brussels.
- CBI Employment Policy Committee meets.
- Italian foreign exchanges reopen.
- Sir Reg Frontley, Minister for Overseas Development, addresses meeting of London School of Economics Labour Club.
- Sir Derek Ezra, chairman, National Coal Board, is guest speaker at Coal Industry Society lunch, Hyde Park Hotel, S.W.1.
- Pit price for industrial and carbonisation coal rises by average of 15 per cent.
- Sir Lindsay Ungo-Thomas, Mayor of London, presides at annual price distribution of London Chamber of Commerce and Industry, Mansion House, E.C.4.
- PARLIAMENTARY BUSINESS: House of Commons: Road Traffic (Seat Belts) Bill, second reading. Motion on Housing Corporation Advances (Increase of Limit) Order.
- OFFICIAL STATISTICS: Car hire-purchase figures (February).
- COMPANY RESULTS: Commercial Union Assurance (full year).
- Royal Insurance (full year).
- Sedgwick Forbes Holdings (full year).
- Olympics Appeal Fund, Dominion Cinema, W.1.
- MUSIC: Victoria de los Angeles (soprano) and Geoffrey Parsons (piano) in programme of songs by Glinka, Mahler, Wagner, Strauss, Duparc, Hahn, Jomponi, Guastavino, Ginastera, Vives, and Nin, Royal Festival Hall, S.E.1, 8 p.m.
- D'Oyly Carte production of The Gondoliers, Sadler's Wells Theatre, E.C.1, 7.30 p.m.
- Alban Berg String Quartet gives BBC lunchtime recital, St. John's, Smith Square, S.W.1, 1 p.m.
- SPORT: European Nations Cup, Great Britain v. Hungary, Washington, County Durham.

### JDS Group accounts

From the Chairman, JDS Group Ltd.  
Sir—With regard to the article which appeared in your edition of February 26, we would like to correct erroneous impressions which, it seems, have been drawn from some of your readers. The two chartered accountants, our Board received a letter on their Institute concerning the form of one aspect of our 75 accounts. Following their reply, the Institute indicated that further information or action was required in relation to those accounts. We are concerned to make it clear that the exchange of correspondence with the Institute related solely to the form of the accounts and in no way affected the substance of the accounts. Richard Lyons, JDS Group House, 63, Seymour Street, W.1.

### Licensing the state's credit

From Mr. J. M. Reshail.  
Sir—Mr. Razz (February 26) is right to express astonishment at the licensing provisions of the younger Credit Act. There are older than his, a licensing of the bank's collection of per-

# 1

## MARCH

J. Brockhouse and Company Limited the £20,000,000 International Engineering Group operating through 7 divisions has changed its name to:

### Brockhouse Limited

Since February 3 the 41 ordinary shares have been split into four shares of 25p each.

Victoria Works, Hill Top, West Bromwich, West Midlands, B70 0SN.  
Telephone: 021-566 1241.



# COMPANY NEWS

## AF should reap some benefits this year

IT IS difficult to forecast when the full benefit of various steps taken to improve profit margins of the Associated Fisheries Group will materialise, says the chairman Mr. P. M. Tapscott.

"But the current year should demonstrate progress despite having to absorb an extra £1.1m. of vessels' fuel costs."

An over-riding objective is to restore quickly the earnings of an adequate return and to achieve this by restructuring the business with a reasonable balance of sources of income, with due regard to the demonstrable risks of the fish catching industry.

Apart from the sale of the Mariner shore-based assets, extensive action has been taken throughout the group since September 30 to improve profitability and this is continuing. Of particular encouragement is that the loss making food processing and distribution division broke even for the first quarter.

So far as trading and engineering is concerned, Mr. Tapscott says many short-term ameliorative actions have been taken but long-term policies will be influenced greatly by decisions outside the company. However, "your Board is unanimously resolved that if a fair profit cannot be earned by operating a fishing fleet from the U.K. fundamental changes must be made."

Meanwhile, the fleet has already been reduced by some 15 per cent. in size and this trend could well continue this year unless many of the uncertainties are quickly removed. In order to make further economies, trading activities in Greenland have been closed, and the vessels moved to Aberdeen.

In the year ended September 30, 1973, the group incurred a loss of £2.05m., against a profit of £1.5m., and the dividend is 1.625p net (3.23p), as reported on February 5.

An analysis of the £0.83m. trading loss (£0.74m. profit) shows: trading and engineering loss £0.25m. (profit £0.56m.); food processing and distribution loss £0.72m. (profit £0.43m.); cold storage and transport profit £0.37m. (£0.85m.); fast food £0.13m. (£0.11m.).

Meeting, Savoy Hotel, W.C., March 25 at noon.

See Lex

### PEACHEY PROPERTY

The directors of Peachey Property Corporation state there has been some delay in finalising audited accounts, due in the main to volume of work involved in detail processing of the professional valuations of property portfolio and consideration of tax implications.

It is anticipated that the accounts will be circulated on March 10 and the AGM will be held on April 2.

Preliminary results were announced on January 16.

### CLARKE COX-JOHNSON LIMITED

announce the opening of their offices at  
**WARDGATE HOUSE,  
59a LONDON WALL,  
LONDON E.C.2.**  
Telephone: 01-628 8202

### INDEX TO COMPANY HIGHLIGHTS

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## Lincroft Kilgour optimistic

ALTHOUGH many people in the textile industry feel that the recession has bottomed out, there are still no clear indications of a recovery in trade either at home or abroad, the chairman of the Lincroft Kilgour Group, Mr. A. Crossland, tells members.

However, he is of the opinion that business should improve towards the end of 1974, particularly in the important Far East market.

As reported on January 23, pre-tax profits for the year ended September 30, 1973, fell from £284,732 to £73,561. The dividend is 2.52p against 2.64p.

The chairman says the worldwide recession brought about a general decline in sales volume, markedly reducing profits.

The purchase of the stock of Keith and Henderson (Savile Row) and the Head Office freehold acquisition involved the outlay of over £200,000. Facilities were negotiated with the group's bankers to cover these transactions.

Meeting, 5, Belgrave Square, S.W., April 13 at 12.30 p.m.

Chairman's statement, Page 20

### Lookers not as profitable so far

The current year to date at Lookers, vehicle distributors and engineers, is not so far proving as profitable as the same period last year, but it is in the months to come when the bulk of the annual profit is usually earned, states Mr. R. E. Tongue, chairman.

At known profit, before tax, for the year ended September 30, 1973, declined from £0.48m. to £0.4m. Dividends are being held at 2p net.

Mr. Tongue reports that the results have been criticised by the Price Commission as exceeding the limits laid down.

The directors have considered it prudent to provide out of the trading profit the anticipated sur-

plus earned in excess of the levels permitted by the Price Code amounting to about £250,000 for the current year and £125,000 in respect of previous periods. The chairman comments that the results for the period upon which profit levels are fixed was not one when good trading conditions prevailed and also the code does not make allowances for any improvement in efficiency.

He says action has been taken which, with the present downturn in trade and higher costs for the first quarter of this current year, should help to alleviate the problem. The shareholders must however, be aware that, irrespective of the state of trade, the Court-inflation legislation, "will seriously restrict the profit of the company in the immediate future."

Meeting, Manchester, March 22, noon.

### Jenkin and Purser loss reduced

Lower turnover of £94,388, compared with £57,032 is announced by Jenkin and Purser (Holdings) for the year to July 31, 1973 but the pre-tax loss has been reduced from £45,037 to £31,356.

Once again there is no dividend—the last payment was a 0.48p interim in 1968-69.

After a 1974-75 tax credit of £3,000 (nil), a 24.38p provision to reduce quoted market investments to market value in the year 1973-74 and an extraordinary debit of £117,000 in the same year, the net loss emerges at £28,356, against £186,864.

The Directors report that much time continues to be spent on litigation but a number of actions have been settled recently in the company's favour.

They are hopeful that in the current year litigation will be either substantially reduced or resolved.

The Directors cannot forecast a profit for the current year but anticipate a "substantially reduced loss" and are confident that during the following year the company "could show a return to profitability."

It is likely to be some years before the company can seek to have its Stock Exchange listing restored, they add.

### Whittingham outlook

Bearing in mind the general economic climate, Mr. W. T. Whittingham, chairman of Whittingham (Holdings) is hopeful that holders will be satisfied with the 1973-74 results.

Payment of a dividend will be considered when the final results are announced, he says in his annual statement.

The company's land bank in certain areas is sufficient for several years on current usage but because of restrictions of the Community Land Act and Development Land Tax, the directors are conscious of the need to replace sites.

As known, the company incurred a loss of £0.32m. in the year to October 31, 1973, after a £1.42m. profit in 1972-73. The provision for reduction in land values, compared with a loss of £0.1m. in the previous year. No dividends have been paid since 1972.

During the year the group was streamlined. Secured borrowings were reduced by 23 per cent. to £24.1m. by selling some industrial and residential sites and by strict controls over the work in progress commitment.

### Allied Insulators growth

PROVIDED that the recent level of demand for the products of Allied Insulators does not further decline, profit growth will continue to be achieved, the chairman, Mr. A. Lloyd, tells members. However it would be extremely difficult to forecast profits for the current year, in the present conditions of uncertain trade in world markets, the chairman says.

As known, pre-tax profits for 1973 rose from £201,000 to £260,000 and the dividend is 1.85p net (3.1p).

Direct export sales accounted for 38 per cent. of total external sales which at almost £10m. exceeded twice the figure reached in 1972.

The financial package outlined last year has now been finalised and provides facilities amounting to over £2m. About half of this financial package has not yet been drawn down, and therefore remains available for investment in any further new development opportunities, the chairman says.

The directors are also recommending that the authorised Ordinary share capital be increased by £500,000 to £2.75m. so as to make available unissued share capital to facilitate further expansion and diversification of activities as opportunity permits.

A resolution to this effect will be proposed at the forthcoming annual general meeting, at Stoke-on-Trent, March 26, at 11.30 a.m.

### FT Share Service

The following securities have been added to the Share Information Service:

Delson (section: Engineering); Papeleras Reunidas (section: Overseas—Spain); Richards (section: Textiles).

### MIDLAND BANK STATISTICS

Statistics compiled by the Midland Bank show that the amount of "new money" raised in the U.K. in February was £243.1m. This was the highest monthly total recorded since September 1973 which included the British Leyland issue. In the first 10 months of 1974 over £300m. has been raised compared with £177.1m. in the corresponding period of last year. Last month 18 rights issues raised a total of £150.8m.

### BIDS AND DEALS

## Patino selling RTP stake for £16.4m.

BY MARGARET REID

Patino, the Dutch-based tin group headed by Bolivian millionaire Mr. Antenor Patino, has agreed to sell its 40 per cent. stake in Rio Tinto Patino to Union Explosives Rio Tinto for \$32.8m. (£16.4m.) cash.

Rio Tinto Patino is a Spanish metal smelting and refining concern. The approval of the Spanish Government is expected to be given to the transaction shortly.

Union Explosives Rio Tinto, the purchaser of the large holding, is also a Spanish company, whose main shareholders are Spanish banks and other institutions.

The British-based mining and metals group, Rio Tinto-Zinc Corporation, which originally had considerable interests in Spain, now has a shareholding of only 1.7 per cent. in UERT. It also retains only a very limited stake in Rio Tinto Patino.

### NO PROBE

On present information, the proposed merger of Selection Trust and Alexander Strand (Holdings) is not to be referred to the Monopolies and Mergers Commission.

The purchases—Alaya Estates and Redgate Securities, both managed by Anthony Dobson Associates—have so far paid £1.5m. involving a number of transactions. The remaining £1.02m. is due to be paid on or before November 20.

### DIXONS/WESTON

Dixons Photographic has received acceptances in respect of the offer of £2,717,337 shares in Weston Photographic. The offer is to be referred to the Monopolies and Mergers Commission.

The offer is to be referred to the Monopolies and Mergers Commission.

### ASHBOURNE OFFER

With the agreement of the Panel on Takeovers and Mergers, Central and Sherwood has postponed the posting of the document relating to the offer for Ashbourne Investments.

The original date for posting was extended pending the outcome of a hearing of certain issues which may be relevant to the offer before the Appeal Committee of the Panel. It is hoped that these matters will be resolved shortly.

### G. MACLELLAN

George Maclellan, for the capital of George Maclellan Holdings, has received acceptances in respect of all the capital. Cash elections have been made in respect of 1,082,531 Ordinary shares of 1s (30.7 per cent.).

### SHARE STAKES

Europacard Shipholdings has recently acquired a further 114,000 shares in Ordinary stock bringing total interest to 55,88m. (21.93 per cent.). The 114,000 shares were acquired between February 5 and 34.

Keystone Investments announces that the Pearl Assurance has acquired a further 215,000 Ordinary shares in the company and now holds 585,000 (10.14 per cent.).

First National Developments has sold its entire holding of 1,100,703 Ordinary shares in Chaddeley Investments and intends to have an interest.

Bricom Investments, a subsidiary of British and Commonwealth Shipping, has bought a further 467,180 Ordinary shares in Glass and Metal Holdings making total 1,018,350 shares, and Caledonia Investments (an associate of B and C) bought 83,000 Ordinary shares, making a total holding of 1,101,350 shares. The additional shares were bought from Country and New Town Properties on February 2, at 63p per share.

Gladsrope Investments has disposed of 91,120 Ordinary shares and Millington has sold 35,000 Ordinary shares in Pearad Group. S. B. Holdings, a director and shareholder in both companies, states that her interest either directly or indirectly in Pearad is now below 10 per cent.

Ordinary in Alakum making a total holding of 480,004 (74.11 per cent.).

### RESULTS AND ACCOUNTS IN BRIEF

ANGLO-INTERNATIONAL INVESTMENT TRUST—Results for 1973 with and without interest on investments: £2.73m. (£2.8m.). Unquoted, £29.37 (£35.98). Market value of quoted, £4.6m. (£5.2m.). Value of unquoted, £19.87 (£21.1m.). Meeting, 26, Cannon Street, E.C.4, April 2, at noon.

ARDEN AND COBURN HOTELS—Dividend 2.52p (2.7p) for year to December 31, 1973, with and without interest on investments: £1.73m. (£1.8m.). Unquoted, £29.37 (£35.98). Market value of quoted, £4.6m. (£5.2m.). Value of unquoted, £19.87 (£21.1m.). Meeting, 26, Cannon Street, E.C.4, April 2, at noon.

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ASHDOWN INVESTMENT TRUST—Results for 1973 with and without interest on investments: £2.73m. (£2.8m.). Unquoted, £29.37 (£35.98). Market value of quoted, £4.6m. (£5.2m.). Value of unquoted, £19.87 (£21.1m.). Meeting, 26, Cannon Street, E.C.4, April 2, at noon.

ASHDOWN INVESTMENT TRUST—Results for 1973 with and without interest on investments: £2.73m. (£2.8m.). Unquoted, £29.37 (£35.98). Market value of quoted, £4.6m. (£5.2m.). Value of unquoted, £19.87 (£21.1m.). Meeting, 26, Cannon Street, E.C.4, April 2, at noon.

ASHDOWN INVESTMENT TRUST—Results for 1973 with and without interest on investments: £2.73m. (£2.8m.). Unquoted, £29.37 (£35.98). Market value of quoted, £4.6m. (£5.2m.). Value of unquoted, £19.87 (£21.1m.). Meeting, 26, Cannon Street, E.C.4, April 2, at noon.

ASHDOWN INVESTMENT TRUST—Results for 1973 with and without interest on investments: £2.73m. (£2.8m.). Unquoted, £29.37 (£35.98). Market value of quoted, £4.6m. (£5.2m.). Value of unquoted, £19.87 (£21.1m.). Meeting, 26, Cannon Street, E.C.4, April 2, at noon.

ASHDOWN INVESTMENT TRUST—Results for 1973 with and without interest on investments: £2.73m. (£2.8m.). Unquoted, £29.37 (£35.98). Market value of quoted, £4.6m. (£5.2m.). Value of unquoted, £19.87 (£21.1m.). Meeting, 26, Cannon Street, E.C.4, April 2, at noon.

ASHDOWN INVESTMENT TRUST—Results for 1973 with and without interest on investments: £2.73m. (£2.8m.). Unquoted, £29.37 (£35.98). Market value of quoted, £4.6m. (£5.2m.). Value of unquoted, £19.87 (£21.1m.). Meeting, 26, Cannon Street, E.C.4, April 2, at noon.

## IMI is well placed for expansion

CONFIDENCE that Imperial Metal Industries is well placed to resume profitable expansion as world trading conditions improve, is confirmed by chairman Sir Michael Clapham in his annual statement.

He considers that the £20m. rights issue is required to secure additional permanent finance so that the group can sustain its international competitive position by continuing to implement an effective modernisation and investment programme during the period when recovery in world economic activity and an associated rise in commodity prices will inevitably make increased demands on working capital.

In the year 1973, group external sales fell from £248.52m. to £232.04m., and profits from £10.04m. to £7.99m., as stated on February 13. The dividend is 2.6825p (2.5125p), and for the current year the Treasury has given permission for the company to pay 2.949p on the increased capital.

A broad product analysis of the sales were: building 270m. (£60m.); heat exchanger 235m. (£29m.); steel power 20m. (£22m.); general engineering 172m. (£21m.); fasteners 240m. (£35m.); refined and wrought metals 294m. (£126m.).

Adjusting for inflation on a CIP basis, sales are shown at £260.3m. (£277.7m.) and profits at £4.3m. (£13.5m.). Net assets employed are £249.7m. (£269.5m.) against £195m. (£165.7m.) historical.

It favourable exchange rates adjustments of £1.6m. are excluded the underlying downturn in profits amounts to £4.4m. or 25 per cent. "And this is perhaps a fairer reflection of the group's trading performance in the year."

Volume was rather less than 10 per cent. Profit improved by £10.6m. in the second year, but Sir Michael says must be applied to the extent of these figures during the year is not compared with £12.7 capital expenditure, 4 year amounted to £1.5 which £3.2m. was entered into and authorisations totalled

### COMPAGNIE BANCAIRE

Société Anonyme  
Incorporated in France with limited liability

### NOTICE TO SHAREHOLDERS

In accordance with resolutions of the Extraordinary Meeting of shareholders and the Board of Directors, the share capital of the Company was increased from £245.0 to £306.250,000 by the application of the sum of £61.2 (originally standing to the credit of the Company's reserves) in up in full £12,598 new shares of £100 and by the allotment of 17 free from all encumbrances to the shareholders.

Such 612,598 new shares, numbered 2,450,393 to 3,062,991 inclusive, carry the right to dividends in respect of all periods 31st December 1974 and are issued subject to the provisions of the Company in all other respects. Certificates will be with coupon No. 21 attached.

The new shares will rank pari passu and form a single class with the previously existing shares. Both the new and the old shares participate to the same extent in the profits for all financial periods 31st December 1974 and in any payment or partial repayment nominal amount of their capital.

In accordance with the provisions of article 19 of the Statute of the Company, as regards both the assets and the profits of the Company, the new shares carry the right, in proportion to the amount of cash share represented, to the payment of the net assets in liquidation, capital repayment, whether made in a liquidation or otherwise, for this purpose all liabilities to tax which may be assumed by the company and the benefit of exemptions from tax which may accrue to the Company will be deemed to be aggregated and apportioned equally among the shares.

Such 612,598 new shares will be allotted among the holder previously existing shares, numbered 1 to 2,450,392 inclusive, basis of one new share for every 4 shares held, ignoring the entitlement.

Shareholders who would be entitled to fractions of a new share will be entitled to fractional entitlements to another such provided always that no joint allotment will be made and the Co will not recognise more than one holder for a single share.

The right to receive an allotment will be represented by a No. 20 attached to the previously existing shares.

On and after the 15th March, 1974 such coupon will cease to be a dividend coupon.

The right to receive an allotment will be exercised: a) for shares deposited with SICOVAM by rights voucher certificates issued under SICOVAM's usual conditions; b) for bearer shares by the surrender of coupon No. 20 and c) for registered shares by the production of the certificate denoting title with the stamp of one of the paying mentioned below.

As required by law, the right to receive an allotment will be exercised in the same way as a share; "bons de droits" will be available from (on and after 15th March 1974) to registered shareholders wishing to deal in all or part of their rights.

A holder of previously existing shares may transfer his right to receive an allotment of new shares. The transferee will then be subrogated to the rights and obligations of the original holder as to the exercise of such right to receive an allotment.

The new shares will be issued, to the order of the allot registered or bearer form.

Requests for allotment may be made on and after 15th March 1974, free of charge, at the following paying agents' offices:

In France: Banque de Paris et des Pays-Bas, Société Générale, Crédit Lyonnais, Banque Worms, Crédit du Nord et Union Paribas, Banque de l'Indochine et de Suez, Banque Belge (France), Banque Nationale de Paris, Banque Centrale des Banques Populaires, Crédit Commercial de France, Crédit Foncier de France, Crédit Industriel et Commercial, Banque de l'Union Européenne, Banque Vernet et Commerciale de Paris, S. G. Warburg & Co. Ltd., Banque de Paris et des Pays-Bas, Société Générale, Crédit Lyonnais.

In the United Kingdom: S. G. Warburg & Co. Ltd., Banque de Paris et des Pays-Bas, Société Générale, Crédit Lyonnais.

where the appropriate forms will be available.

The unconsolidated balance sheet of the Company at December 1974, certified correct, was published in the Bulletin des Informations Obligatoires dated 16th June, 1975, No. 62 4403.

Application is being made for quotation in Paris of the 612 new shares, numbered 2,450,393 to 3,062,991 inclusive, and of the rights to receive the allotment of such shares. Application also being made to the Council of the Stock Exchange in London admission of the new shares to the Official List. The rights may be separately in London under Rule 163(1) (e) following the quote in Paris.

### COMPAGNIE BANCAIRE

President of the Board of Management: Pierre Basse  
Private Address: 99 rue de Courcelles, 75017, PARIS.  
Compagnie Bancaire registered address: 25 Avenue Kléber, 75116, PV

All of these securities having been sold, this announcement appears as a matter of record only.

## 250,000 Depositary Shares



## Ito-Yokado Co., Ltd.

(Kabushiki Kaisha Ito-Yokado)

representing

2,500,000

SHARES OF COMMON STOCK

OFFERING PRICE \$66.35 PER DEPOSITARY SHARE

Nomura Europe N.V.

J. Henry Schroder Wagg & Co. Limited

Robert Fleming & Co. Limited

The Nikko Securities Co., (Europe) Ltd.	Algemene Bank Nederland N.V.	Amsterdam-Rotterdam Bank N.V.
Bank Mees & Hope NV	Banque Bruxelles Lambert S.A.	Banque Générale du Luxembourg S.A.
Banque de l'Indochine et de Suez	Banque de Neufilze, Schlumberger, Mallet	Banque Rothschild
Banque de l'Union Européenne	W.I. Carr. Sons & Co. (Overseas) Ltd.	Cazanova & Co.
Crédit Lyonnais	Credit Suisse White Weld Limited	Hill Samuel & Co.
Jardine Fleming & Company Limited	Kidder, Peabody International Limited	Kleinwort, Benson Limited
Lazard Brothers & Co., Limited	Merrill Lynch International & Co.	Samuel Montagu & Co. Limited
The Nippon Kangyo Kakumaru Securities Co. Ltd.	Piercon, Helderling & Piercon N.V.	N. M. Rothschild & Sons Limited
Schroders & Chartered Limited	Singapore Nomura Merchant Banking Limited	Smith Barney, Harris Upham & Co. Incorporated
Société Générale	Société Générale de Banque S.A.	Union Bank of Switzerland (Securities) Limited
S. G. Warburg & Co. Ltd.	Westdeutsche Landesbank Girozentrale	Yamaichi International (Europe) Limited

27th February, 1976

## THIS COULD BE A BAD YEAR











## AUTHORISED UNIT TRUSTS

Scotland (A&B)	
1	07-222-2221-2
2	24.7 - 4.1
3	24.7 - 4.1
4	24.7 - 4.1
5	24.7 - 4.1
T. Managers ♀	
m-623-2211	
42.8	- 4.2
Gen. Secs. Co.V	
Cheshamford 0245 51851	
1	79.9
2	100.2
3	91.4
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44	31.3
45	31.3
46	31.3
47	31

## INSURANCE, PROPERTY, BONDS

[illegible]**FINANCIAL TIMES STOCK INDICES**[illegible]

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1509	-1.1	—
1508	-1.1	—
1507	-1.1	—
1506	-1.1	—
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1504	-1.1	—
1503	-1.1	—
1502	-1.1	—
1501	-1.1	—
1500	-1.1	

## BASE LENDING RATES

[illegible]

## OFFSHORE AND OVERSEAS FUNDS

[illegible]

## NOTES

مَكْذَمَاتُ الْأَحْمَلِ



# THE RUBBER TRADE ASSOCIATION OF LONDON

NUMEROUS PROBLEMS SUCCESSFULLY OVERCOME  
ASSOCIATION WELL PLACED FOR THE FUTURE

MR. J. F. WORTHINGTON, D.S.C. REPORTS  
ON 1975

The Annual General Meeting of the Rubber Trade Association of London was held on Friday, February 27th, at the London Commodities Exchange Office, Cereal House, Mark Lane, London EC3 with Mr. J. F. Worthington, D.S.C., Chairman, presiding.

As I prepare to step down from office, I look back on a year in which our Association has successfully coped with numerous problems, some of which, like inflation, have been with us for a long time. The general malaise in the world's economy persisted for most of the year, difficulties such as increasing freight rates and surcharges, currency fluctuations, high interest rates, contract anomalies, etc., continued to plague us but fortunately were not so pronounced as in the previous two years and there are now signs that the end of the recession may be in sight. Perhaps I am being too optimistic as I am aware that the path ahead may still have obstacles. Nevertheless, I believe that our Association is quite capable of dealing with any further problems that may arise.

At this time last year the price of International Ribbed Smoked Sheet No. 10 was about 23p per kilo for near month shipment on C.I.F. terms and now it is around 38p (per kilo). Though prices were lower in April, they then started to climb, helped along by discussions amongst the Association of Natural Rubber Producing Countries on the practicability (or otherwise) of holding a buffer stock. This measure, it was believed, might be expected to achieve greater stabilisation as well as an adequate return to the producers. Although since then there have been some fluctuations and erratic conditions throughout the year, the general trend has been upwards towards the levels ruling to-day and this has been achieved without the intervention of governments, thus vindicating the optimism expressed by my predecessor last year. Our free markets, like barometers, are very sensitive to pressures—in our case the inexorable law of supply and demand, and although this may be upset by extraneous factors, the barometer, I venture to suggest, seems "not fair" and at a level which appears compatible with our "relation" and competitor—synthetic rubber.

The need for a buffer stock scheme has possibly receded—at least for the time being—but it may well be revived and made ready by the A.N.R.P.C. for future use in case there is a substantial decline in prices. In that event, it seems to me the scheme could meet its purpose properly through the International Rubber Study Group. This is, after all, an inter-governmental organisation whose primary concern is with the production and supply of rubber, both natural and synthetic, which represents the interests of both producers and consumers.

A very necessary function of the I.R.S.G. is the preparation and publication of statistics of production and consumption of natural and synthetic rubber and it is a pity that the Statistical Committee of the Group is hampered in the task of drawing up an accurate global assessment because of the failure of certain member countries (contrary to their obligations) to supply the necessary figures and because some other countries, although vitally interested in rubber supplies, have not yet applied for membership. It is to be hoped that these difficulties can be overcome in the course of time.

Last May our Prime Minister when speaking at the World Economic Interdependence and Trade in Commodities Conference in Jamaica reminded every one, quoting St. Paul some 1600 years ago, that "we are all members one of another". One is glad to think nations are now beginning to realise this as the distances between us shrink through the advances made in the speed of communications and travel, evidenced by the introduction of the two Concorde's super-sonic flights in January this year. Nearer home the United Kingdom's decision to join the European Community was confirmed by referendum in June, this being another step towards interdependence and the necessity to be concerned with the interests of others as well as our own. Certain difficulties, however, may arise as a result of our membership of the EEC. These stem from the perfectly understandable and desirable policy of the EEC to harmonise its laws, its system of taxation and its policies generally with the aim of removing barriers to trade. All this is to be commended, provided that in carrying out these policies and particularly in regard to harmonisation—the EEC does not lose sight of the existing and well-tried procedures that have been evolved by the commodity trades over a long period of time. If changes are to be made, it is essential that opportunities for consultation with all who are interested in this matter should be afforded.

In this regard we are grateful to our friends in the Federation of Commodity Associations, whose study of this subject and whose established link with the EEC directorate involved are likely to be of benefit to all. These events, the Prime Minister's speech and our membership of the EEC are very relevant, as I see it, to the policy and function of the Rubber Trade Association—concerned as it is with the marketing and distribution of natural rubber. We must continue to ensure, as we have always tried to do, that the trade is properly conducted, to set standards for integrity and fair trading and to maintain our good relations with producers and consumers. I think it is no exaggeration to claim that these aims have generally been

achieved as is made clear by the widespread use of our contracts and arbitration services and by our harmonious and close liaison with the Rubber Growers, British Rubber Manufacturers and International Rubber Associations, the International Rubber Study Group, the Department of Industry and the Bank of England. We hope also in future to have improved consultation with the Shipping Conferences since freight charges are so vital to our trade. It has been our persistent preoccupation to be better ironed out by talking them over and in the past we have not always had the close liaison in this matter that we would have liked. The theme of co-operation, which was the central point of my predecessor's report last year, is more than ever relevant to today's needs. There is an encouraging trend in the councils of the world for the betterment of relations with the developing ones which need the markets and goodwill of the Western world, just as the Western world needs their products. The R.T.A. can play its small part in this endeavour.

Last October, on behalf of the R.T.A., I paid my first visit to the Far East, taking in Singapore, Kuala Lumpur and Jakarta in that order. Of two Conferences held in Kuala Lumpur, one was organised by the Rubber Research Institute of Malaysia in celebration of its Golden Jubilee Year, the other on marketing, by the Malaysian Rubber Exchange & Licensing Board. Both Conferences were organised most efficiently and everywhere we were received with great courtesy, hospitality and friendliness. At the Marketing Conference, forty-five papers were presented by U.K. colleagues and the concluding addresses were given by the Minister of Primary Industries and by the late, and sadly missed, Prime Minister, after which we were taken to Port Kelang to see the new container base and other developments.

If I may be permitted to digress, it was probably from the old port here that the first lot of plantation rubber to be auctioned in London was shipped, and in my lifetime! This "rolled" rubber, as it was then called, apparently caused some consternation amongst our dealers, one of whom went so far as to declare that it was a "manufactured article" and refused to bid. However, it fetched 8/5d. per lb. and in 1910 plantation rubber was auctioned at the highest recorded price of 12/10d. per lb.—the buyer is alive today. The lowest was 1/3d. per lb. in 1932.

After Malaysia, I flew to Jakarta for the 24th Assembly of the I.R.S.G. where again our hosts extended to us a warm welcome, generous hospitality and a very well planned conference. We participated also in the meetings of the International Rubber Association where agreement was reached on certain minor, but necessary, amendments to the International Contract for Technically Specified Rubbers. Further progress was made, too, on the draft International Contract for Visually Graded Rubbers and although time ran out before we had completed our review of this proposed contract, agreement will surely be reached on this and possibly other international contracts in the foreseeable future. We also had a brief meeting of the International Standards of Quality and Packing Planning Committee to discuss prospective revisions of the Green Book.

I would like to know that Her Majesty's Government have set up an all-party House of Lords Select Committee to consider Essential Commodity Prices. I welcome this move as I am sure you will, since nothing but good can come from an unbiased investigation into the workings of the commodity markets, especially as, I hope, the misunderstandings and prejudices that exist in certain political quarters on this somewhat complex subject are finally laid to rest. I am sure this Association will be only too willing to give evidence, if asked, to help the Committee in their deliberations. Insofar as the trade in natural rubber is concerned.

Before concluding, I feel that I should like to pay tribute to our sister organisation, the London Rubber Terminal Market Association, with whom we have a close relationship. I would emphasise, however, that we are separate bodies, the R.T.A. being concerned with the physical or actual market and the LRTMA being responsible for the administration of the terminal or futures market. The LRTMA, after eighteen months, is now firmly established. One of the important questions is at present considering whether to include Continental tender ports after 1976, which it is believed could broaden the market and facilitate hedging business. Another equally important matter with the same objective is the question of the type and grade of rubber to be tendered. At present it is International RSS 1, a very high grade of sheet, which is considered by some to be too exacting for many shippers. Though the trade in Technically Specified Rubbers is rapidly increasing, the time may not yet be ripe to include them for tender. At present the Int.IRSS backing for our terminal market is for delivery ex U.K. public warehouse and for tender it must be awarded in accordance with this high grade without any allowance if it fails to pass the test. Perhaps a lower grade may be more acceptable?

As I retire from the London market next month after 30 years with my firm—I speak as a broker—this is my swan-song and farewell. I wish my successor an equally happy term of office and hope that both our Associations will continue to be of service to the rubber trade for many years to come.

## COMPANY NEWS

# Improving trend for Sidlaw Industries

Meeting, Dundee, on March 23

Chairman's statement, Page 4

## Scottish American Investment

THE PORTFOLIO of the Scottish American Investment Company is now more concentrated in the U.S. and Britain than in earlier years, the chairman, Mr. P. J. Oliphant, says in his annual report.

With the foreign dollar premium now applying to all foreign markets and with the good values now available in America, there is less incentive to hold investments in other foreign markets, while the British market has risen more than any other in the last 12 months.

However, markets in Europe, Australia and elsewhere are not being neglected and some 10 per cent of the group's funds are invested in these areas, the chairman says.

As reported on January 22 with where each of the three operating divisions is now making a profit contribution.

As already reported, trading profit was £1,350,000 (£1.1m) for the year to September 26, 1975, and pre-tax profit \$555,000 (\$500,000). Turnover was £24.65m (£20.15m). The dividend is held at £889,57p net.

Of the group results, textiles accounted for £22.93m of turnover and \$523,000 of trading profit, hardware and packaging £1.15m and \$263,000 and oil services and engineering £1.51m and £158,000.

The U.K. was responsible for £22.08m, Non America £233,000, Europe £1.65m and others \$64,000.

The source and application of funds statement showed loans, less repayments, increasing by £1.8m (£24,000 decrease) but there was a decrease in bank overdrafts of £1.8m (£1.7m increase) during the year.

## Common Market Trust advance

For the six months to December 31, 1975, undistributed revenue of the Jersey-based Common Market

Trust was £264,411, equivalent to 15.45p per participating share. The revenue figure in the corresponding period of 1974 was £140,263.

As in previous years, there will be one annual distribution after the end of the financial year, based on the net income available for distribution at that time.

The directors have believed for some months that 1976 would see firm evidence of a real improvement in world economic activity and they believe that this is likely to be reflected in a further upward movement in Continental European stock markets.

As a result the company has continued to increase the proportion of its assets invested in equities.

At December 29, 1975 the Trust, having financed further purchases against borrowings, was invested to the extent of 108.5 per cent of the net assets. This compares with 76.5 per cent at December 27, 1974 and 94.0 per cent at June 30, 1975.

To allow for the necessary flexibility and continued growth, the directors have obtained a further multi-currency facility of \$10.5m for five years. As at December 29, 1975, the Trust had total borrowing facilities of \$15.51m, of which \$10.52m had been drawn down.

## Reliance Knitwear deficit

A turnaround from pre-tax profits of £215,000 to a loss of \$85,000 has been suffered by Reliance Knitwear Group in the six months ended October 31, 1975 despite marginally higher turnover at £4.44m compared with £4.28m.

The loss is in line with redundancy and reorganising costs of £42,000 and reflects no interim dividend against 0.8p net per 5p share last time. Last year, total dividend was 2.57p.

In his last annual report, the chairman, Mr. E. W. Newman, said that although it was too early to predict the outcome for the current year, it was hoped that results would be such that the dividend could be maintained.

## Camford prospects good

The future at Camford Engineering is viewed by chairman Mr. L. Citroen with "circumspection and qualified optimism."

The company maintains open and intelligent lines of communication with its employees, suppliers and customers, and it has developed over the years a high reputation for flexibility and reliability. He believes the prospects of the group "are good."

After the growth of the company over the past decade, the current year "will be one of consolidation generally." The directors will concentrate on a planned investment policy within the resources of the group and which will form the foundation for its future prosperity," he adds.

The group now possesses a wide range of engineering capabilities and is "well placed to take advantage of any upsurge in future demand." He considers investment to be the right policy for the future, even at the expense of current profits.

Recently, there has been an improvement in the level of enquiries received, "but these remain to be converted into firm orders."

A long-term investment plan for the casting foundry at Hemel Hempstead Engineering Co., which will completely modernise production techniques, has been embarked upon. The casting division will become a significant profit centre, he forecasts.

As reported on December 22, pre-tax profit for the year ended September 30, 1975 increased from £0.88m to £1.11m, which was in line with the forecast. Dividends are being held at 3.5p net on increased capital.

Meeting, Stevenage, March 9, noon.

## NEW FINANCIAL MANAGEMENT COMPANY

A new financial management company, Clarke Cox-Johnson, has been formed by Mr. A. E. Clarke and Mr. R. M. Cox-Johnson. Mr. Clarke is the founder and controlling shareholder of the commodities and metals broking firm, Commodity Analysis, and of Chart Analysis. Mr. Cox-Johnson was for many years a managing director of Leopold Joseph and Sons.

The new company will manage corporate and private assets. Offices are at 59a London Wall, London E.C.2. (Tel. 01-625 8202).

Mr. M. E. Mavrouleou is relinquishing the position of managing director of LONDON AND OVERSEAS FREIGHTERS at the end of February on taking up residence abroad. He will remain on the Board in a non-executive capacity. Mr. Stanley Sedgwick, who was secretary of the company from its inception in 1948 until appointed assistant managing director ten years ago, will become managing director on March 1. Mr. Basil Mavrouleou continues as chairman.

Mr. Toshio Nagamura has been appointed resident director for Europe and general manager of the London office of the BANK OF TOKYO in succession to Mr. Minoru Inoue, who returns to the bank's head office to take up a new position.

Mr. Russell Kempton, chairman and joint managing director of T. W. Kempton, has been elected president of LEICESTER AND DISTRICT HOSIERY MANUFACTURERS' ASSOCIATION. He succeeds Mr. Frank Robson.

The following have been appointed directors of CHANDLER HENDERSON FINANCIAL SERVICES, the new company owned jointly by Chandler Greaves Whitall and Henderson Administration. Mr. G. F. E. Grant (chairman), Mr. A. D. Tennant, Mr. R. P. St. G. Cozzetta, Mr. R. J. L. Bramble, Mr. A. B. Henderson, Mr. I. B. Church, Mr. D. J. Browne and Mr. J. P. R. Love (managing director). Assistant directors are Mr. F. M. C. J. Stevens, Mr. J. C. V. Lang, Mr. A. Topley, Mr. R. C. Benn, Mr. D. E. Waldron and Mr. D. H. Hume.

## RENTOKIL GROUP LIMITED

# Preliminary Announcement

	1975	1974
Group turnover	£39,479,000	£33,500,000
Group profit before tax	£6,133,000	£5,577,000
Group profit after tax	£3,130,000	£2,934,000
Earnings per share	4.97p	4.66p
Dividends		
Interim paid November 1975 (7.7% with tax credit of 4.146%)	11.846%	11.493%
Final proposed payable 5th May 1976 (10.197% with tax credit of 5.491%)	15.688%	13.538%
	27.534%	25.031%

These figures exclude extraordinary credits of £960,000 (1974 debits £765,000) resulting from exchange differences and the revaluation of quoted investments to market value.

Share register struck for dividend 5th April; Report and accounts to shareholders 9th April; Annual General Meeting 4th May at Felcourt, East Grinstead.

## RENTOKIL guards your property

# TURNER

## Manufacturing Co. Limited

RESULTS FOR 52 WEEKS TO	27.9.1975	30.9.1974
TURNOVER	£16,685,000	£12,600,000
PROFIT BEFORE TAX	£1,579,000	£1,200,000
PROFIT AFTER TAX	£1,005,000	£800,000
DIVIDENDS PER 25p SHARE	3.250p	
EARNINGS PER 25p SHARE	9.0p	

"... 1974/75 was a year of considerable improvement... Demand for our products is still at a satisfactory level with a healthy percentage of direct exports... This all adds up to a degree of quiet optimism..."

S. V. Lancaster (Chairman)

Turner Manufacturing Co. Limited  
Baelz Equipment Limited  
Hydraulics & Pneumatics Limited  
Early Light Engineers Limited

## RECORD RIDGWAY

## ANOTHER YEAR OF GROWTH

SALES:	1975	1974
U.K. Markets	5,969	4,775
Overseas	6,023	4,433
Total	11,992	9,208
Profit before tax	1,365	1,003
Earnings per Share	8.54p	5.88p
Shareholders' Funds per Share	72p	59p

MANUFACTURERS OF QUALITY HAND TOOLS FOR THE WORLD

Record Ridgway Limited, Parkway Works, Sheffield S9.

## INDUSTRIAL CREDIT BANK, TEHRAN

(Bank Etebarat Sanati)

US-\$ 30,000,000

Six Year Loan

arranged by

Dresdner (South East Asia) Limited

and provided by

Dresdner (South East Asia) Limited  
Singapore

Hypobank International S.A.  
Luxembourg

## A.C.E. MACHINERY (HOLDINGS)

## A Record Performance

Highlights from the circulated statement of the Chairman and Managing Director, Mr. N. V. Gort, FCG, FRSA:

- I am pleased to report record trading profits for the year ended 30th September, 1975 of £31,899 compared with £17,089 for the previous year. The Directors recommend a dividend of 2.75p per share (1974 2.581p).
- Delivered Sales increased by 35% from £1,983,082 to £2,674,165. Exports were £891,447 compared with £327,059, an increase of 173%.
- For the first quarter of the present year the value of orders both for Construction equipment and Mechanical de-watering plant is approximately double the value of orders taken during the same period the previous year.
- One of the most important and serious problems we have faced has been abnormally long delivery dates required by our major suppliers of steel and components such as engines. The export market requires short and prompt deliveries and, as a result, a considerable amount of export business was lost.
- During the year we had a successful Rights Issue. In spite of substantial increases in both Debtors and Stocks the company maintained a very high level of liquidity.
- Our best prospects for new business still largely lie in overseas territories and during the current year we shall be exhibiting in Nigeria, Saudi Arabia, Kuala Lumpur, Paris and Munich.
- The Middle East still remains our most attractive overseas market but we have taken steps to generate new business in the Common Market.

Copies of the report and accounts are available from the Secretary, A.C.E. Machinery (Holdings) Ltd., Westmoor Street, Charlton, London SE7 8NT.

# The Lincroft Kilgour Group Ltd

## Menswear Manufacturing and Textiles

SUMMARY OF ACCOUNTS	1973	1974	1975
Turnover	£8,965,143	£9,572,449	£9,446,313
including			
Exports	£3,459,069	£4,730,448	£3,810,760
Profit before taxation	£705,154	£984,732	£726,861
Profit attributable to shareholders	£432,506	£521,170	£455,207
Basic earnings per share	8.44p	11.14p	7.70p
Dividends per share	2.39p	2.64p	8.22p
Shareholders' funds	£1,188,111	£1,597,478	£1,952,544
Equivalent per share to	25.40p	34.16p	40.75p

## Extracts from Chairman's Statement:

- Because of its close connections with the mail order trade the clothing division is weathering the recession well and is in a strong position to take advantage of any upturn in trade.
- The cloth merchandising division has suffered from a decline in exports particularly to the Far East. On the other hand the United States market has picked up well and there has been a resurgence of trade in South America.
- The purchase of the stock of Keith & Henderson (Savile Row) Limited and the freehold acquisition of our Group Head Office have involved the outlay of over £900,000. Facilities were negotiated with the Company's bankers to cover these transactions.
- Although many people in the textile industry feel that the recession has bottomed out, there are still no clear indications of a recovery in trade either at home or abroad.
- However, the directors are of the opinion that business should improve towards the end of 1976, particularly in the important Far East market.

Copies of the Report and Accounts are available from The Secretary, The Lincroft Kilgour Group Ltd., 718 Warwick Street, London, W1A 3AQ.

Handwritten signature or mark.



# FINANCIAL TIMES SURVEY

Monday March 1 1976

## CANADIAN BANKING AND FINANCE

Puerto Rico Colombia France  
Argentina United States Germany  
Bahamas Hong Kong Australia  
Eastern Caribbean Virgin Islands  
Japan Great Britain Cayman  
Philippines Lebanon Venezuela  
French West Indies Jamaica  
Belize Singapore Brazil Thailand  
Trinidad & Tobago Guyana Belgium  
Dominican Republic Haiti  
Channel Islands Panama

**The  
helpful bank  
is part of the  
local scene  
in over  
40 lands.**

From Freeport to St. Peter Port,  
from Singapore to Paris,  
we've established a solid  
reputation as Canada's leading



international bank. So wherever  
your business horizons broaden,  
you'll find us waiting, and  
ready to be helpful.



**THE ROYAL BANK OF CANADA**  
*Canada's Leading International Bank.*



## CANADIAN BANKING AND FINANCE II

Battle has been joined before the revision of the Canadian Bank Act, key to the country's financial structure. In an atmosphere of tension between business and government the banks will have difficulties in achieving all their aims.

# Temperatures are strained

**ECONOMIC GROWTH** has resumed in Canada: a real increase of GNP by 4.6 per cent. is forecast this year, following upon a year during which the aggregate performance was much the same as in 1974. Nevertheless the mood in the business and financial world, if not actually black, is uncertain in the extreme. Everyone is aware that the Canadian economy, and especially an improvement on last year's \$5bn. current account deficit, will depend upon the stamina of the U.S. economy.

The shock of the recession has not worn off, nor has that administered by the realisation that oil and gas resources are less bountiful than once believed and may soon leave Canada with an oil deficit of \$3bn. per annum. On the political side, recession and inflation, as elsewhere, have redoubled business qualms about a freer trading world, and the introduction of a system of income, price and profits control has pleased neither industry nor labour.

It was to have been underpinned by stringent Government economic, though the advance publicity was rather fierce than the performance so far. On the monetary side, the Bank of Canada has kept the growth of money supply tight: resulting high interest rates have drawn in U.S. money, which helped external payments but forced up the exchange rate, causing chagrin to exporters.

Mr. Pierre Elliott Trudeau, the Prime Minister, was never a great favourite with the business world. Some of his recent musings about a New Society designed to make up for an alleged failure to make the mar-

ASSETS OF FINANCIAL INSTITUTIONS			
	Dec. 1967	Dec. 1974	Increase, per cent.
Charter banks	23.2	68.5	172
Trust companies	4.4	12.4	182
Credit unions and caisses populaires	2.4	10.3	203
Mortgage loan companies	2.8	6.7	140

Source: Canadian Bankers' Association.

ket system work has upset business — without reconciling labour to wage controls. Mr. Trudeau was probably thinking of little more than the implications of "bigness," whether it be that of business or that of a trade union movement which at one time in 1973 was driving up labour unit costs at a rate equivalent to 25 per cent. a year. But cries of "socialism" came thick and fast.

The important point to remember on the economic side is that at least in the private sector, wage settlements were coming down some time before the anti-inflation legislation laid down a norm of maximum wage increases. It is 8-12 per cent, depending upon circumstances, in 1975-76, declining to 8 per cent and 6 per cent successively in the following years. But the working of the policy is such that highly salaried executives will suffer a cut of nominal incomes after tax, which will hardly improve tempers.

The norm for pricing is that only increased costs may be passed on and that profit mar-

gins shall not exceed 95 per cent. of the average margin of the previous five years. Dividends are frozen with exemptions possible for special cases.

Regulations applying the policy to the banks became known last week. The first reaction of analysts was that they would slow down but not reverse profit growth. The rules will set the pattern for other financial institutions.

## Assets

Rate of return, being profit before tax as a proportion of total assets, will be kept to at most 95 per cent. of the average rate of return in the five years to October 31, 1974. To avoid injustices a minimum rate of return of 1.05 per cent. of assets is allowed under all circumstances. Charges and spreads will be monitored. Where the rate of return exceeds the permitted maximum, a bank will be allowed to declare as profit that part of it which is attributable to foreign business.

That will give managements a good deal of flexibility.

whereas manufacturing industry is threatened with a special levy if it diverts sales into exports to avoid controls. The idea does look a bit strange at a time when Canada has returned its first merchandise deficit since 1960.

It is against that background that Canada is going through its decennial exercise of revising the Bank Act, the piece of legislation which regulates the activities of the charter banks and thereby controls the balance of power between them and the secondary bank sector, including trust companies and regional savings banks. Given the political climate the revision is unlikely to provide the banks with a springboard for progress such as they received with the 1967 Bank Act.

The Act of 1967, in the words of the Canadian Bankers' Association, really turned the banks into "financial department stores," opening their way into mortgage finance and directly into the whole field of consumer credit. In the seven years to December, 1974, total Canadian dollar assets of the charter banks increased by 172 per cent, though it is sometimes overlooked that their rivals did even better. The trust companies, which provide many personal financial services, including even chequeable accounts, grew more quickly, by 182 per cent, though from a much lower base.

Submissions about how the Act should be changed have been flooding in to Ottawa from all interested quarters, and as often as not clearly betray the interest involved. In potted fashion, this is what they come down to:

1. The Charter Banks want

to preserve their status as the only institutions allowed to call themselves banks. They want to add leasing and factoring to the lines of business they are allowed to carry out: they want trust companies and others which in practice accept chequeable deposits to be made subject to Bank of Canada reserve requirements as far as that particular line of business is concerned; and they want to institute a new regimen for foreign financial institutions in Canada.

2. The Trust Companies argue that their matching rules are such that they should not have to entertain reserves with the central bank; they want the banks kept out of leasing (but not factoring); they want the banks not to accept term deposits with maturities over 100 days; they want the law clarified to prevent banks from dealing in securities for their clients; and they want them deprived of the small fiduciary powers they have (which do not

include discretionary management of clients' assets).

## Impression

In addition to these there is a host of other submissions: the credit union and savings bank sector wants to be spared the need to entertain reserves with the Bank of Canada; insurance agents want the banks to be debarred from following the example set in the U.S. where some banks sell life insurance; and so forth.

The big issues, apart from foreign institutions, are leasing, which is likely to go against the charter banks; and reserves, where the race is open. The impression one gets in Ottawa is that neither the Government nor the Central Bank feel that the reserve system needs to be extended in the interests of monetary policy, but that equity may well dictate otherwise.

There is a related issue that will come to a head, not during the next year or so while the

Bank Act is being revised, but in the ten years of its life: this is the proposal for an electronic payments system which will not only replace present clearing mechanisms but even provide the possibility of direct debiting of customers' retail bills from point of sales terminals in the shops. The customer presents a "payments card," not unlike a plastic credit card, which is scanned by the outlet details, including the amount of the bill are fed into the system, and the money is transferred automatically from the purchaser's account to that of the shopkeeper, even if that involves a payment from one deposit taking institution to another.

The implications, including those for the Canadian computer and communications industry, are still being studied, but the battle lines have already been drawn. The trust companies and other "near banks" want the system to be a public utility, with access for all institutions. The banks agree, provided that these institutions are made to entertain reserves with the Bank of Canada.

Official opinion inclines towards a utility of "common user facility," but the debate still is in its early stages.

The issues between the Canadian banks and near-banks are not unlike those between them and the foreign near-banks set up in Canada, mainly in Toronto. Under the law they may not call themselves banks, a title reserved for banks chartered by the federal parliament; nor may they solicit for deposits, being forced in-

stead into the commercial market with its rather expensive money. Their certain tax provisions, themselves serve laudable purposes such as the maintenance of decent capital ratios, it more expensive for institutions to borrow their parents than it is for a Canadian bank to from that same source.

The growth of the foreign financial institutions and assets came to an end for reasons discussed in this Survey. Those that report to the Bank of Canada had by then about \$1.8bn. In addition were the so-called "near banks," a sort of salesman on behalf of a U.S. bank without corporate identity in Canada. Canadian Bankers' Association estimates that last year \$3bn. in loans was out to suitcase bankers. Association sees no against this kind of th admits in any Canadian suitcases has seen in other countries the Association does foreign financial institutions brought into the cent reserve system, which diately would raise the of why they should allowed to solicit for The national list may answer "no," the adv more competition may "yes." Since in pract may be one and the s son, somebody will square the Maple Leaf

W. L. Lu

# Charter banks facing harder times

HARDER times have plainly arrived for the Canadian charter banks after a period of rapid expansion at home and abroad which was accompanied by increased profits. Towards the end of 1974, towards some analysts described as a vintage year for the banks, the danger signals had become visible.

The chief of these was the changed economic climate, the delayed but none the less pronounced arrival in Canada of a point of pride with Canadians that they have not had a bank failure since 1923, though the collapse of a large finance company in the mid-1960s is still remembered with some pain. While the soundness of the banking system has been demonstrated, it is at least in part explicable by the narrowness of the definition of a bank — no institution in Canada is considered to be a bank unless it has been chartered by Act of Parliament.

The criticism is often heard that the charter banks are reluctant to provide venture capital — a criticism which ignores the very strict limits which the law imposes upon their right to make equity investments. The banks have asked for a modest relaxation of these rules, though their competitors argue that market banking activities of that sort should be denied since the banks engage widely in commercial lending, and might run into conflicts of interest.

There are ten charter banks, five of which are distinctly larger than the rest. An 11th charter has been granted to a large finance corporation which has been given ten years within which to slough off operations such as leasing through anything but a subsidiary. That is a requirement of the present Bank Act. A 12th entrant, working from scratch, is coming along, but the fact remains that experience has shown that it is easier to obtain a charter, which requires an Act of Parliament, than to establish yourself successfully in business, at any rate on anything more than a regional basis.

There are those who feel that means should be found in the interests of more energetic competition to open the door wider to new banks, including (pace Canadian nationalism) foreign banks. The

conclusion one is driven to is that the banking will remain largely undisturbed, though some adjustment to the advantage of the charter banks will be made. Evidence oligopoly is strong on face. If one of the B offers a service, the ad bankers may be self-defeating by increasing the strength of those already in the field.

The right to engage in factoring and leasing is a case in point. The charter banks are at present forbidden to undertake that kind of business, though exceptions exist for leasing carried on by a subsidiary company. In the interests of spreading the overheads of their closely meshed branch network and in the interests of greater flexibility in their accounting, the banks would like that restriction to be abolished. It is a concession which they are unlikely to get, even though it is the sort of reform that might attract new entrants into the banking field.

## Leasing

Meantime, the Canadian Bankers' Association estimates that more than three-quarters of the financial leasing in Canada is done by foreign-owned institutions. The issue of these foreign "near-banks" is dealt with in a special article of this survey as well as in the introductory article, which also considers the wider aspects of Bank Act revision.

The former Minister of Finance, Mr. John Turner, who resigned last year, at one time proposed to modify the law which prevents the federal or provincial governments from owning bank shares. In order to modify sentiment in the West — where it has always been claimed that the economy in general, and finance in particular are run for the benefit of Ontario and Quebec, and at the expense of the rest of Canada — Mr. Turner proposed to let provincial governments take equity positions of up to 25 per cent. in banks they might wish to see founded. But little has been heard of that idea lately, and moreover the political specter of the defeat of the socialist New Democratic government in British Columbia.

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Packages offered at the end of banking are of insurance. Recent moves include an offer to custom 60 to pay a surcharge interest due on their account in line with the consumer price index, say, 9 per cent. in a interest payment due account is augmented 1 cent (not nine per points). It falls far a indexing, but it does he

Another recent initiative provides freedom of cheques drawn, tr. cheques free of pound dues fees for strong credit card, and a bank for a monthly fee. Since varies, the oligopoly is tight.

The same lesson emerges an analysis of the spreads earned by the banks in the year to Oct last: it varied by almost percentage point among Five.

Though it bears less oligopoly question there other important field in the practice of the banks differs widely, they say their involvement ab rough and ready yard provided by the propo their Canadian and U.S. deposits expressed in Ac currency: in the case of Five it varied between cent. and 49 per cent. October 31 last.

Taking aggregate figu the entire charter bank the Canadian Bankers' tion arrived at the fo conclusions for 1975: national assets accounted per cent. of total assets for 25 per cent. of the balance of revenue. A indirectly that does pu perspective Canadian institutions are creaming some of the rich business able in Canada.

W. L. Lu



When we opened the doors to our 1,000th branch, we were right back where we started. And we couldn't have been happier.

Over the past 144 years, The Bank of Nova Scotia has opened a lot of doors. The measure of our success is that we have done so in a way that has made us a part of the life of the community we serve. Recently, in Halifax, Nova Scotia, we opened the doors to our 1,000th branch. Reaching this milestone was a reason enough for us to be happy. The fact that we reached it in Halifax made us doubly happy. Because it was in Halifax that The Bank of Nova Scotia was organized in 1851, incorporated in March of 1872, and opened the first branch in August of that year. And it was from Halifax that Seedabank branches began opening its doors across Canada and in 38 other countries around the world. Today, with assets of more than 16 billion dollars, we're proud to be one of the world's top 50 banks. And to think it all started in Halifax, where we recently opened our 1,000th branch. We couldn't be happier.

**The Bank of Nova Scotia**

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## CANADIAN BANKING AND FINANCE V

# Trust companies on the upswing

THE SHORT-TERM outlook for Canada's trust companies is extremely bright, coming as it does after a disastrous 1974, when profits suffered because of a number of cyclical industry problems. However, the longer term outlook is clouded with uncertainty over the federal government's anti-inflation programme and the scheduled review of the Bank Act in 1977.

Final figures for 1975 are not yet available for the Canadian trust industry, but partial results for the year indicate a most remarkable recovery: almost all sectors of the business showed improved earnings, and the forecast is for this to continue. During the first nine months of 1975, the country's 13 largest trust companies showed a profit increase of 74.55 per cent over 1974.

The upturn in trust company fortunes during 1975 was due almost solely to the industry's ability to obtain better interest spreads between the money it borrows and what it lends. A year ago, trust companies were faced with rapidly rising costs of deposits, brought on in part by competition among various financial institutions for funds that was the result of the federal government's tight money policy.

During the period of tight money, and being forced to pay the same rate or more for funds to apply to the banks, trust companies found themselves in a difficult position. The experience of 1974 has led to some rational changes in traditional industry practices.

Helping profits along has been the renewed vigour of the domestic real estate market place. Trust companies have become a force to be reckoned with in Canadian real estate brokerage, accounting for an estimated one-half of all commission revenues.

During the disastrous 1974, the real estate market place in Canada came to a virtual standstill because of high mortgage interest rates and the reluctance on the part of buyers to pay sharply higher prices for properties.

While the problems with AIB are being sorted out, delicate negotiations continue behind the scenes in Ottawa over revisions to the country's Bank Act in 1977. Although trust companies are not directly regulated under the Bank Act, their role in the economy is directly dependent on what activities the chartered banks are allowed to engage in.

### Endangered

In public and in private, trust company officials say the industry could become an endangered species if the Government grants the banks all they have asked for when it amends the Bank Act next year. Trust companies would not be able to survive when forced to compete alongside the bigger and more powerful banks, warns Kenneth White, president of the Trust Companies Association of Canada and president of Royal Trust Company of Montreal, the country's largest trust company with assets of \$3.2bn.

Basically, chartered banks want trust powers, which only trust companies have at present, but excluding discretionary management on behalf of clients. The banks want to engage in certain fiduciary services, including the administration of individual tax shelter plans or home ownership saving plans.

Clearly, the banks want access to the lucrative area of contractual savings for retirement and home ownership for the

additional pool of funds they provide. But for trust companies, the issue runs much deeper: they are openly worried the banks will usurp all trust functions in the future if they are successful in getting into the area of savings plans.

They argue that a potential conflict of interest, both economic and legal, exists that may hamper a bank's provision of banking services. Provision of trust services is not a "true banking function and is in fact incompatible with it," the Trust Companies' Association argued in a recent brief to the Government on the subject of the Bank Act. They also argued that the market is adequately serviced at present and a further extension of trust functions to banks would represent an unnecessary duplication of services.

Put into perspective, some trust company officials also want to intrude into some of the banks' traditional fields, such as commercial lending. Mr. White argues that trust companies should not be allowed into commercial lending, as this could lead to a conflict of interest situation, which he would like to avoid by giving the banks trustee powers.

The fight between the banks and trust companies has a couple of imponderables. First, the banks have a long-standing reputation for having well-oiled access to senior decision-making levels within the federal Government. This might have tipped the scales in their favour in previous years.

But, in the eyes of the public, the banks have become greedy. There is a growing acknowledgment that politicians might just choose the present time to crack down on the banks and use them as a whipping boy for many of the economy's past failures. In this case, the banks might be the losers in this epic struggle.

Patrick Howe

# Mutual fund problems

MANY MUTUAL funds in Canada's \$3bn. plus mutual fund industry made good gains in net asset value per share thanks to improved stock markets in 1975 versus 1974. But some fund managers indicated that redemptions nevertheless exceeded sales so that the number of shares outstanding declined.

In 1974, net redemptions (redemptions minus sales) totalled \$74.6m, which was at least lower than 1973's \$169.3m. Sales in 1974 were \$241.7m, which compared with \$422m in 1973.

At the end of 1975, the Canadian Mutual Funds Association had 63 member funds with assets at the year end of \$1.8bn, which compared with 65 funds with assets of \$1.6bn at the end of 1974.

But stronger markets could at first tempt more redemptions than sales if investors decide to take their profits when they can. (In recent years, redemptions have largely reflected re-investment in safer vehicles such as term deposits at financial institutions, and in vehicles promising a surer capital gain, such as real estate where values have escalated dramatically.)

Stock markets in the U.S. out-performed Canadian markets last year and so far this year, and some analysts expect that trend to continue. Mutual funds also could gain popularity were brokerage commission rates to become negotiable and competitive rather than fixed as they now are for orders of less than \$500,000. The difference between commissions paid by institutional investors such as funds, and by individuals, would probably widen, therefore encouraging individuals to invest through funds.

### Strides

Mr. Warren Goldring, who is chairman of the CMFA and president of AGF Management of Toronto, says 1975 was notable for three developments. First, it was a year when the banks and trust companies made big strides in the managed funds industry, particularly with contractual savings plans. The Canadian Government has offered investors tax concessions for the purpose of financing their retirement through registered retirement

savings plans—RRSPs) and, most recently, the down payment for a first home (through registered home ownership savings plans—RHOSPs).

Those funds have an edge over many mutual funds because they charge no front-end load (sales commission charge, running up to 9 per cent of the amount invested), because the branch network is a good sales tool and because they effectively eliminate the risk of capital loss.

Trust companies also offer equity and bond funds, which again charge no front-end load. Royal Trust Company of Montreal's M (for mortgage) Fund has been the most successful, with assets of \$364.3m. at the end of 1975, or about a third of all trust company-managed funds. Trust company mutual funds are called investment funds.

A second characteristic of

1975, says Mr. Goldring, is that the industry has been reduced to the strong members, and growth now depends on "how they differentiate themselves, not by their sales force but from their structure and their approach to the market place."

Many manage a variety of funds to appeal to a cross-section of investors and to allow investors to play market swings by shifting from one fund to another at a minimal cost. Investors Syndicate of Winnipeg, the giant of the industry, as well as Guardian Growth, United Funds Management, AGF Management and Eaton Fund Management are among the largest.

AGF this year introduced yet another new fund, probably Canada's first short-term money market mutual fund. It is along the same lines as funds introduced in the U.S. a few years ago.

Third, the size of the industry's direct sales force declined further in 1975, to about 1,200 who sell funds only, but 3,000 who are dual-licensed to sell insurance as well. Sales have been too weak to sustain a large force, and many funds, including AGF, sell through brokers instead. Eaton and Investors, with their extensive product range, are among the few exceptions. Eaton has a salaried sales force which is dual-licensed to sell through 23 Eaton department stores, while Investors has commissioned salesmen who sell through its branch offices.

Looking at the performance of funds in 1975, there is a startling contrast with 1974. A survey in the Financial Times of Canada, a Toronto-based weekly, showed that the net asset value on a year-to-year basis of funds that ranked toward the bottom in 1974 ranked first and second in 1975, and a fund that ranked first in 1974 ranked 133rd of 134 in 1975.

The Canadian South African Gold Fund, which invests in Canadian and South African gold shares and in gold bullion, nose-dived to 133rd spot. Still, for the five-year period since 1970, the fund experienced a 115.2 per cent gain, which put it close to the top performer.

The Canadian mutual fund industry expanded rapidly in the late 1960s when stock markets were climbing quickly and short-term gains comparisons were a strong marketing aid for over-zealous, hard-sell salesmen. The collapse of the market, beginning in 1970, shook the industry, and the CMFA ever since has been trying to resurrect the credibility of funds.

Jane Chudy

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Italy resumes  
official lira  
trading to-day

BY ANTHONY ROBINSON

ROME, Feb. 29.

OFFICIAL trading in the Italian lira resumes to-day after nearly six weeks of free floating, during which the currency fluctuated widely in the absence of Central Bank support.

On Friday, the lira closed at 771 to the dollar compared to 686 when the decision was taken to stop official trading on January 20 and a low point of 506 in the dollar early last week. The Bank of Italy has let it be known that it intends to operate a flexible defence aimed at ironing out irregular movements rather than attempt to defend the parity at an artificial level.

Econometric studies by the bank indicate that the lira should settle down within a range of 750 to 770 to the dollar and it is within this fairly wide band that the bank expects to carry out its support operations.

Over the last few weeks, the monetary authorities have sought to build up the reserves available to back this flexible support policy. The Treasury said over the weekend that convertible reserves available for the purpose stood at \$1,941m.

This includes the \$884m. of convertible currencies left in the reserves when the authorities decided to stop intervention, plus \$78m. worth of Special Drawing Rights, \$750m. made available on a swap basis by the New York Federal Reserve Bank and \$800m. released by the Bundesbank.

The latter refers to the return, agreed on Friday, of the first \$800m. tranche repayment of the total \$2,000m. gold-backed loan agreed at Belgrade in August, 1974. Italy retained the first tranche in the spring of last year.

The Federal Reserve swap is essentially a bridging finance operation. Formation of the new government, however, has made it possible to go ahead with negotiations for longer-term borrowings of \$530m. from the International Monetary Fund and \$1,000m. from the EEC. Both loans are being negotiated.

The authorities have not stopped at merely boosting the reserves. They have also raised the discount rate twice in a month to a new level of 8 per cent, plus a three-stage increase which brings the maximum discount rate to 11 per cent. for persistent commercial bank borrowers.

It has also taken a series of steps to reduce bank liquidity and subsidise credit facilities for exporters. As a result of the new credit squeeze, the major Italian banks said last week that they had raised the prime rate for commercial borrowers from 12 to 14 per cent.

These are the highest interest rates in Europe and raised considerable concern about the effect it would have on industrial investment and future growth prospects.

The first signs have emerged this week-end of a break-through in the lengthy deadlock on national labour contract negotiations for 300,000 engineers and workers employed in the State sector.

An agreement has been reached on the rights of trade unions to be informed and consulted on investment matters. The unions are insisting on keeping demands for higher wages as low as possible.

## TUC to urge Healey to tackle jobless

BY ROY ROGERS, LABOUR CORRESPONDENT

TUC leaders will meet Mr. Denis Healey, the Chancellor, this month when they will urge him to take further moves to tackle rising unemployment by injecting almost £2bn. into the economy in his April Budget.

The unions see the Budget and its effect on unemployment as a key issue in the build-up to further negotiations with the Government for a voluntary wages policy to replace the £1 limit which expires at the end of July.

They have listed their Budget proposals in the TUC annual economic review—officially published to-day and to-morrow in which they ask the Government to set a target of pruning unemployment to 600,000 by 1978, to direct more finance to industry, to introduce selective import controls and a wealth tax and to consider peaking top salaries at around £2,000 a year.

Mr. Len Murray, TUC general secretary, described unemployment as the "biggest worry of all" and admits that there is a long way to go before full employment can be achieved.

Yesterday, he spoke of the need for a moderate reduction in the cost of about £2bn. but said that it was not a once and for all answer and there would need to be a continuing dialogue between the TUC and Government.

The TUC review was not a "prescription for a consumer boom" but was designed to defeat inflation and lay a foundation for rebuilding the economy.

Further evidence of the importance the unions are



JACK JONES

there is clearly going to be a major debate on whether it should be another rate increase or there should be at least some percentage element set as to prevent differentials from being further eroded.

Yesterday Mr. Joe Wade, general secretary of the National Graphical Association, said that the craft-conscious union was not in favour of another period of flat rate rises.

He suggests in his union journal a special TUC congress to debate the whole pay issue before any agreement is concluded with the Government—a view known to be held by several other TUC leaders.

Economic review details, Page 9

## Robb Caledon wins £3.5m. liquid-gas carrier order

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE FIRST big shipbuilding order to be placed by a British yard since September has been won by Robb Caledon Shipbuilders, the East Coast of Scotland group.

The company's £3.5m. order for a liquid-gas carrier is a ship for the British industry which is generally deeply depressed about its shortage of orders, and a lifeline for 1,000 workers at Robb's Leith shipyard who would otherwise have faced redundancy.

The order is especially significant because it comes from a domestic source. George Gibson and Co. of Leith, at a time when British shipowners are starting to come under pressure from Government to build more of their ships at home.

A variety of measures, falling short of actual coercion, are now under active discussion in Whitehall aimed at encouraging British owners to buy British.

The move is seen as the fish by the owners last year into foreign yards. Almost 90

per cent. of British orders went abroad instead of the more traditional 65-70 per cent.

The first inducement likely to be introduced by the Government within a couple of months may be an extension of the cost inflation protection scheme, at present available only to foreign shipbuilders.

Measures More measures may follow in a bid to avert major cuts threatening yards such as Govan, Scott Lithgow and Swan Hunter only months after they are due to be nationalised in the middle of this year.

The slow progress being made in forging an EEC shipbuilding policy may also encourage the Government to feel free to take unilateral action.

Although the EEC has taken a strong initiative in urging the Japanese to moderate their aggressive pricing policies, West Germany is understood to be

blocking any move actively to protect European shipbuilding through shipyard subsidies or import controls.

The George Gibson order for a 2,500 cubic metre gas carrier due for delivery in the summer next year is the first to be taken by Robb Caledon for about 18 months.

The company, which now has an order book worth about £29m, made a £1.5m. loss to the end of last March after making profit of £4.1m. loss on contracts in hand.

Gibson operates seven gas carriers and is a member of Unigas Consortium, a multi-national gas transportation company.

An Anchor Line subsidiary, Gibson's choice of Robb Caledon may have been influenced by the fact that more of its fleet were built by Burrows Ltd Shipbuilding Company in 1966 whose assets and some design staff were later acquired by Robb.

Shipbuilding, aircraft cuts predicted, Page 4

THE LEX COLUMN  
The bull market  
14 months on

Following January's universal optimism in securities markets around the world, February's mood was much less certain. In the U.K. neither the equity nor gilt-edged markets have regained the peaks of January 30, although short term interest rates have continued to ease. Over the past month the yield on the 20-year Government Securities Index has risen from 12.2 to 12.8 per cent. despite a fall of three-quarters of a point to 91 per cent. in MLR during the same period.

In the U.S. equities were making new peaks last week and the home bond market remains extremely firm, but there is increasing hesitation about the monetary trends. Perhaps the rise in Citibank's prime rate by a quarter point to 6½ per cent. on Friday was unrepresentative, since the rate was out of line with that of other major banks in any case. Yet a recovery in bank loan demand may soon start pushing interest rates generally upwards.

U.S. recovery

Last week's U.S. money supply figures indicated a significant rise in M2, the measure which is being especially closely followed by the Federal Reserve at present. Although M2 growth is still within the target of 7-10½ per cent., and no immediate tightening by the Fed is to be expected, it has moved from the middle towards the upper end of the range.

Economic recovery, after the hesitation in the autumn, is accelerating again—the official index of leading economic indicators in January registered its largest monthly gain since last July. And there are tentative signs of a revival in demand for business credit.

A gentle rise in U.S. short term rates need not necessarily put immediate pressure on the U.K. The Bank of England has allowed U.K. rates to fall further, presumably because it believes that sterling is strong enough to allow some narrowing of the U.S.-U.K. interest rate differential. However, the gap of 3.75 points between U.S. and U.K. Treasury bill rates is now as low as it has been during the past year (in October it was over 6 points) and the process may not go very much further.

At the same time, cyclical indicators at home are once again giving a very clear message. Destocking by manufacturing

industry was pretty well over by the final quarter of 1975, and the same applies to the decline in industrial production. On the labour front, unfilled vacancies started to rise in January, and on precedent the jobless peak (seasonally adjusted) ought not to be many months off. Friday's CBI survey is only the latest of such studies to point to a rising trend in orders for industry.

Lending by banks to the private sector remains as dull as it has been for well over a year, and there may still not be any immediate pickup. But last week National Westminster was prepared to project a rise in loan demand in the final quarter, and a good many recent industrial company right issues have reflected concern about working capital requirements in the next year or two.

So the pattern of the bull market is beginning to change. Over the past 14 months the major constraints have been the Government's manipulation of interest rates — to do with its funding requirements and the problems of sterling — and the supply of rights issues.

Expectations about the corporate sector have been improving, albeit from a near-disastrous level. It now seems that profits stopped declining sometime near the end of 1975 — and indeed, companies like ICI have reported significant upturns for the final quarter. Profits ought to be picking up strongly throughout this year.

Against this background share prices may reasonably be expected to go higher, especially since there appears to be so little froth in the market at present, of the kind which might be associated with a bull market peak. However, dividend restraint and the size of the yield gap must put some limit on the scale of the further increases in the absence of sharp falls in interest rates. And as the year progresses the burgeoning economic recovery will impose an increasingly two-way pull on capital markets. The need to finance the business recovery will loom larger at the same time as the public sector's demand for funds remains—according to the latest projections—as high as ever.

Corporate profits

But although the four-year economic cycle may influence the timing of stock market

turns, it does not delude the politicians or the industrialists. On the one hand, that could go towards offsetting the pressures which are expected to develop in the market during, say, the scale of the past few years, after all, was much greater in the past. And even after the 1975-76, the market remains extremely dear in real terms relative to peaks. It all comes back to a level of real corporate earnings which are still at a ebb.

Assoc. Fish.

Associated Fishermen, after all, going to break-even in the 1975-76, despite the loss makers, a market in food prices. The auction price of cod was about an eighth less than in the boom years earlier, and did it stand at the bottom slump. But although losses are lower than 12 months ago, trawling substantially in the costs are the explanation. Instant fuel will cost this year, which is the level on a large 1972-73.

There is apparent of costs getting back once without Government port, which is a gain for a group with abnormally employed fish capital industry. Man processing, which another sizeable slice since sheet, has not proper return in rec. At least the group is hungry, and still has a model amount of debt. And the fleet has been conservatively valued two-thirds depreciated, been reduced from nearer 100 distant was over the last 13 mo no adverse impact on sheet. But a capitalisation of unc (which is equivalent three-quarters of p profits) seems to be the moment on the Government.

First director quits  
as FNFC starts  
to reduce its size

BY MARGARET REID

DR BASIL BARD has left the Board of First National Finance Corporation, the secondary banking concern where he has been a full-time director for two years, with a compensation payment for loss of office believed to be about £40,000.

About eight directors are expected to step down this year from the Board of the group, which incurred a loss of £85m. in the ten months to October last year, and which has received support loans of more than £300m. from the big banks.

Mr. John Glynn, chairman, has said that the Board of 16 is being substantially reduced in line with the big cut in the size and scope of the business.

Another of those expected to leave is Mr. Pat Matthews, who built up the company, of which he was chairman for some years, and is now a joint managing director.

Negotiations have been under way for some time on the

"handshakes" to be paid to departing directors for loss of office. The first settlement has been reached with Dr. Bard, the 61-year-old patent specialist and former managing director of the National Research Development Corporation, who went to FNFC in early 1974 with a contract for about 5½ years.

Mr. Maurice Denton, the other joint managing director, who has been with the National Westminster Bank last year, said yesterday that one or two more departures from the Board would be following soon.

"Getting down to half the size of the present Board is something we'll do throughout 1976, rather than in March," he said.

Information on compensation payments already agreed is expected to be included in FNFC's accounts later this month, although as they will be made in the current year they do not strictly speaking have to be disclosed until the 1975-76 accounts.

Fair competition guide  
expected for NEB

BY MARGARET REID

THE PRINCIPLE that the National Enterprise Board should operate on terms of fair competition with companies in the private sector is expected to be a key element of Government guidelines, set out today, defining its role and responsibilities further.

Any loans the Board makes, for example, will have to be at commercial rates of interest, an important benchmark being what would be paid by a first-class borrower in the private sector. The rules of the City Take-over Panel, and monopolies and mergers rules, will apply where appropriate.

It is clear, too, that the Board will use the services of the City's merchant banks, as required, in its investment and other operations.

More than one merchant bank is already advising the Board, whose future policy is thought to be to employ different merchant banks, as desired, in various contexts, so spreading its business around.

It is also expected that the Board will consult Mr. Eric Varley, Industry Secretary, and his Department if it wishes to buy a share stake of more than 10 per cent. in a company which is opposed to such a purchase. This requirement appears more restrictive than the 30 per cent. limit prescribed in the Industry Act, 1975.

But the process of consultation with the Government in such a case would be in line with the practice of a close discussion already established with the Industry Department.

The Industry Secretary also has to give his consent for the Board to sell any shares.

Indications are that the Board is unlikely to act as an aggressive operator in the stock market in building up share stakes in companies.

The probability appears to be that it would negotiate to buy blocks of shares, or have new shares issued to it, should it desire to move into a shareholding position in pursuit of its objectives in industry.

The expected character of the guidelines should allow any fears on the part of the Confederation of British Industry that the Board might operate on unfairly preferential terms in its dealings in the private sector.

It remains to be seen whether they will be less popular with Left-wing Labour MPs whose concern has, however, often been that the Board's activities might be unduly circumscribed by the £1bn. limit on its resources.

Market price

Mr. Varley said in the Commons in October that the Board would have no special privileges but equal to special shacks.

Of the several major blocks of shares transferred last week from the Industry Department to the Board, those in Ferranti, Alfred Herbert and Cambridge Instruments changed hands at values reflecting their cost to Government funds.

The interest in Brown Boveri Kent was taken over at a value based on Friday's market price. The price for the transfer of the big holdings in British Leyland and Rolls-Royce (1971) remain to be settled.

Callaghan to receive report  
of Rhodesia envoy to-day

BY BRIDGET BLOOM, AFRICA CORRESPONDENT

LORD GREENHILL, who returned to London on Saturday after a visit to Rhodesia as a special envoy of the Government, will meet Mr. Callaghan, the Foreign Secretary, this morning, to deliver a full report on his two days of talks in the Rhodesian capital.

The main object of today's meeting will be for Mr. Callaghan to discover, on the basis of Lord Greenhill's report, whether Britain can now play a more positive role in attempting to secure a peaceful settlement of the Rhodesian dispute.

No details of the Greenhill talks—which included two meetings with Mr. Ian Smith, the Rhodesian Premier—have been disclosed. But the signs are that Lord Greenhill and his colleagues, who included Mr. Callaghan's political adviser Mr. Tom McNally and Mr. Patrick Laver, the head of the Rhodesian department in the Foreign Office, have not brought back particularly encouraging news.

The principal aim of the mission which was intended to be entirely exploratory, was to discover the answer to the fundamental question of whether Mr. Smith and his Government were prepared to accede to a rapid transfer of power to the African people in Rhodesia.

As far as can be judged, Lord Greenhill has not returned with a satisfactory answer, although it is not clear whether Mr. Smith was quite so outspoken in his intention not to rede to "immediate majority rule" as he was when he spoke to Parliament last week.

Peaceful

Government spokesmen have suggested in the past year or two that Britain would agree to play a major role in Rhodesia in future only if it were clear that the object was to arrange a peaceful transfer to African rule. With past experience in mind, the Government is worried that its involvement in other circum-

stances would be intended by Mr. Smith merely as a delaying tactic.

However, if Lord Greenhill reports that Mr. Smith is not willing to consider majority rule, the Government is well aware of the likely consequences.

An announcement that Lord Greenhill had failed to find Mr. Smith flexible enough could prove the final nail in the coffin of the talks between Mr. Nkomo, leader of the Rhodesia-based wing of the African National Council and Mr. Smith. If these talks fail, guerrilla activity will almost certainly be stepped up.

Mr. Nkomo's forces, the Salisbury, in a new clash in the north-eastern operational area on Saturday, 17 African guerrillas and four white Rhodesian soldiers were killed, bringing the total of guerrillas killed in the past week to 48, according to official sources here.

Negotiations with the Mozambique authorities for the release of 16 Rhodesian Railway officials arrested on Friday are continuing, with the railway between Rhodesia and Maputo (Lourenço Marques) remaining closed.

Railway officials say that the men have been taken to Pinar, 230 kms inside Mozambique, although it is still not clear on whose authority.

Business opinion here suggests that Mozambique is likely to suffer more from the railway's closure than Rhodesia. Rhodesia apparently does not use the line for more than 20 per cent. of its trade, which no longer it is said, includes oil imports.

Continued from Page 1

## Tories' olive branch

setting out some proposals on relations with the unions.

Mrs. Thatcher's theme, backed by Mr. Prior, at the conference on Saturday was that the party was not hostile to trade unions and was anxious to form a working partnership with union leaders when it returned to office.

Having offered the olive branch, Mrs. Thatcher sketched out the conciliatory strategy the Conservatives intend to follow, including the following key points:

1—No repeal of the Labour Government's trade union legislation, even though Bills such as the Trade Union and Labour Relations (Amendment) Bill are being fought tooth and nail through Parliament.

2—There must be "proper provision" for an effective conciliation clause in closed shop agreements, according to Mrs. Thatcher, and Mr. Prior added

that where closed shop agreements were negotiated they should include effective conciliation clauses and proper independent appeals procedures.

Mrs. Thatcher added the Tories also had to make certain that the introduction of a closed shop did not damage the freedom of the Press.

3—Government aid for postal ballots in unions, although these would be voluntary rather than compulsory.

4—Greater rank and file participation in union affairs, particularly by the one-third of trade unionists who customarily support the Tory Party.

5—The promotion of industrial democracy, but specifically not Labour's proposal for worker directors. The Tories would encourage experiments, but again would not introduce legal back-

## Weather

U.K. TO-DAY

SUNNY periods, mainly dry. London, Cent. S. and E. England, E. Anglia, E. Midlands. Dry; sunny spells. Wind N.W. moderate, backing W. light. Max. 8C (46F).

W. Midlands, N. Wales, N.W. England, Lakes, I. of Man. S.W. Scotland. Dry; sunny spells. Wind W. moderate, becoming light. Max. 7C (45F).

S.W. England, S. Wales. Dry; sunny spells. Early cloud in places. Wind variable light. Max. 9C (48F).

N.E. England, Borders, Edinburgh, Dundee. Dry; sunny spells. Becoming cloudy. Wind W. moderate. Max. 7C (45F).

Glasgow and Argyll. Bright spells at first. Cloudy later, perhaps with rain. Wind W. moderate or fresh. Max. 7C (45F).

Outlook: Dry, sunny spells. Night frost and fog. Lightning. London 18.10, Manchester 18.17, Glasgow 18.21, Belfast 18.30.

BUSINESS CENTRES

City	Yday	Today	City	Yday	Today
Amsdam	14.30	14.30	London	14.30	14.30
Antwerp	14.30	14.30	Madrid	14.30	14.30
Bahia	14.30	14.30	Manila	14.30	14.30
Bombay	14.30	14.30	Niagara	14.30	14.30
Buenos Aires	14.30	14.30	Osaka	14.30	14.30
Calcutta	14.30	14.30	Paris	14.30	14.30
Canton	14.30	14.30	Prague	14.30	14.30
Cebu	14.30	14.30	Rangoon	14.30	14.30
Colon	14.30	14.30	San Francisco	14.30	14.30
Hankow	14.30	14.30	Shanghai	14.30	14.30
Hong Kong	14.30	14.30	Singapore	14.30	14.30
Kobe	14.30	14.30	Tokyo	14.30	14.30
Lyons	14.30	14.30	Yokohama	14.30	14.30

HOLIDAY RESORTS

City	Yday	Today	City	Yday	Today
Ajaccio	14.30	14.30	Geneva	14.30	14.30
Amsterdam	14.30	14.30	London	14.30	14.30
Antwerp	14.30	14.30	Madrid	14.30	14.30
Bahia	14.30	14.30	Manila	14.30	14.30
Bombay	14.30	14.30	Niagara	14.30	14.30
Buenos Aires	14.30	14.30	Osaka	14.30	14.30
Calcutta	14.30	14.30	Paris	14.30	14.30
Canton	14.30	14.30	Prague	14.30	14.30
Cebu	14.30	14.30	Rangoon	14.30	14.30
Colon	14.30	14.30	San Francisco	14.30	14.30
Hankow	14.30	14.30	Shanghai	14.30	14.30
Hong Kong	14.30	14.30	Singapore	14.30	14.30
Kobe	14.30	14.30	Tokyo	14.30	14.30
Lyons	14.30	14.30	Yokohama	14.30	14.30

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